FULTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

FULTON COUNTY
DECEMBER 31, 2018

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton County, Ohio (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, County Board of Developmental Disabilities, and the Emergency Medical Services Advanced and Basic Life Services funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2019, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

August 29, 2019

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The management's discussion and analysis of Fulton County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- The total net position of the County increased $2,761,516. Net position of governmental activities increased $2,984,127, which represents a 4.11% increase from 2017's restated net position. Net position of business-type activities decreased $222,611 or 1.08% from 2017's restated net position.

- General revenues accounted for $23,552,848 or 56.15% of total governmental activities revenue. Program specific revenues accounted for $18,394,088 or 43.85% of total governmental activities revenue of $41,946,936.

- The County had $38,650,289 in expenses related to governmental activities; $18,394,088 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $23,552,848 were adequate to provide for these programs.

- The general fund, the County's largest major fund, had revenues of $14,779,204 in 2018. The expenditures and other financing uses of the general fund were $15,347,400 in 2018. The general fund balance decreased $568,196 from 2017 to 2018.

- The motor vehicle and gas tax fund, a County major fund, had revenues of $5,101,802 in 2018. The motor vehicle and gas tax fund had expenditures of $4,987,189 in 2018. The motor vehicle and gas tax fund balance increased $114,613 from 2017 to 2018.

- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues and other financing sources of $4,750,587 in 2018. The county board of DD had expenditures of $3,872,158 in 2018. The county board of DD fund balance increased $878,429 from 2017 to 2018.

- The emergency medical system advanced and basic ("EMS A&B") life services fund, a County major fund, had revenues of $4,271,503 in 2018. The EMS advanced and basic life services fund had expenditures of $4,141,176 in 2018. The EMS A&B life services fund balance increased $130,327 from 2017 to 2018.

- The County had two major proprietary funds. The net position for the water fund decreased in 2018 by $374,296 or 2.43%. Net position for the sewer fund increased in 2018 by $165,934 or 3.19%.

- In the general fund, actual revenues and other financing sources of $14,437,145 exceeded original budgeted revenues by $2,465,455 and final budgeted revenues by $2,445,465. The increase is due to the County's conservative approach to budgeting. Actual expenditures and other financing uses of $15,326,787 were $558,417 greater than original budgeted appropriations and $2,020,311 less than final budgeted appropriations, respectively.

Using this Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are four major governmental funds. The general fund is the largest major fund.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2018?" These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. This change in net position is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

In the statement of net position and the statement of activities, the County is divided into two distinct kinds of activities:

Governmental activities - Most of the County's programs and services are reported here including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and State grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general, motor vehicle and gas tax, board of developmental disabilities (county board of DD), and EMS advanced and basic (EMS A&B) life services funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water, sewer, solid waste incinerator and recycling operations. The internal service funds used to accumulate and allocate costs intentionally for mapping services and information technology provided to other departments.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's net pension/OPEB liabilities.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the County as a whole.

The table below provides a summary of the County's net position for 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.

Net Position

	Governmental Activities 2018	Business-type Activities 2018	Restated Governmental Activities 2017	Restated Business-type Activities 2017	2018 Total	Restated 2017 Total
Assets:						
Current and other assets	$ 55,434,225	$ 3,270,042	$ 52,546,618	$ 3,237,170	$ 58,704,267	$ 55,783,788
Capital assets, net	56,952,012	19,884,307	53,719,329	20,224,113	76,836,319	73,943,442
Total assets	112,386,237	23,154,349	106,265,947	23,461,283	135,540,586	129,727,230
Deferred outflows of resources:						
Pension	3,250,858	89,604	7,425,725	156,113	3,340,462	7,581,838
OPEB	635,602	15,036	125,114	2,545	650,638	127,659
Total deferred outflows of resources	3,886,460	104,640	7,550,839	158,658	3,991,100	7,709,497
Liabilities:						
Long-term liabilities	2,136,814	1,901,265	1,894,767	2,047,460	4,038,079	3,942,227
Net pension liability	13,001,396	298,566	19,240,706	400,824	13,299,962	19,641,530
Net OPEB liability	8,436,081	200,777	8,924,922	189,814	8,636,858	9,114,736
Other liabilities	1,903,571	350,957	658,503	334,981	2,254,528	993,484
Total liabilities	25,477,862	2,751,565	30,718,898	2,973,079	28,229,427	33,691,977
Deferred inflows of resources:						
Property taxes	10,496,000	-	10,146,000	-	10,496,000	10,146,000
Pension	3,414,927	72,672	405,055	6,622	3,487,599	411,677
OPEB	1,368,043	17,123	15,095	-	1,385,166	15,095
Total deferred inflows of resources	15,278,970	89,795	10,566,150	6,622	15,368,765	10,572,772
Net position:						
Net investment in capital assets	55,557,860	18,059,114	52,809,910	18,291,467	73,616,974	71,101,377
Restricted	17,207,715	-	18,365,893	-	17,207,715	18,365,893
Unrestricted	2,750,290	2,358,515	1,355,935	2,348,773	5,108,805	3,704,708
Total net position	$ 75,515,865	$ 20,417,629	$ 72,531,738	$ 20,640,240	$ 95,933,494	$ 93,171,978

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the County adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the County's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the County is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $81,346,641 to $72,531,738 for governmental activities and $20,827,509 to $20,640,240 for business-type activities.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the County's assets and deferred outflows exceeded liabilities and deferred inflows by $95,933,494. This amounts to $75,515,865 in governmental activities and $20,417,629 in business-type activities. The County's finances remained strong during 2018.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 56.69% of total governmental and business-type assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. The County's net investment in capital assets at December 31, 2018, was $73,616,974. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2018, the County is able to report positive balances in all three categories of net position for the governmental activities and business-type activities.

A portion of the County's net position, $17,207,715 or 17.94%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $5,108,805 may be used to meet the government's ongoing obligations to citizens and creditors.

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The table below shows the changes in net position for fiscal years 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.

Change in Net Position

	Governmental Activities 2018	Business-type Activities 2018	Restated Governmental Activities 2017	Restated Business-type Activities 2017	2018 Total	2017 Total
Revenues:						
Program revenues:						
Charges for services and sales	$ 6,104,365	$ 4,756,117	$ 6,164,454	$ 4,423,911	$ 10,860,482	$ 10,588,365
Operating grants and contributions	10,355,231	-	10,991,265	-	10,355,231	10,991,265
Capital grants and contributions	1,934,492	-	3,296,531	-	1,934,492	3,296,531
Total program revenues	18,394,088	4,756,117	20,452,250	4,423,911	23,150,205	24,876,161
General revenues:						
Property taxes	10,135,096	-	9,689,934	-	10,135,096	9,689,934
Sales tax	8,445,999	-	8,411,273	-	8,445,999	8,411,273
Unrestricted grants	2,503,368	-	2,741,525	-	2,503,368	2,741,525
Investment earnings	718,141	-	378,189	-	718,141	378,189
Other	1,750,244	123,438	1,646,906	49,168	1,873,682	1,696,074
Total general revenues	23,552,848	123,438	22,867,827	49,168	23,676,286	22,916,995
Total revenues	41,946,936	4,879,555	43,320,077	4,473,079	46,826,491	47,793,156
Expenses:						
Program expenses:						
General government	9,481,442	-	8,889,959	-	9,481,442	8,889,959
Public safety	9,757,377	-	9,597,882	-	9,757,377	9,597,882
Public works	6,014,429	-	6,307,438	-	6,014,429	6,307,438
Health	5,890,658	-	5,994,090	-	5,890,658	5,994,090
Human services	5,425,708	-	5,672,933	-	5,425,708	5,672,933
Economic development	895,081	-	920,114	-	895,081	920,114
Other	7,646	-	11,876	-	7,646	11,876
Intergovernmental	1,174,731	-	1,210,649	-	1,174,731	1,210,649
Interest and fiscal charges	3,217	-	5,571	-	3,217	5,571
Water	-	4,455,507	-	4,034,827	4,455,507	4,034,827
Sewer	-	645,548	-	629,818	645,548	629,818
Solid waste incinerator	-	313,631	-	312,733	313,631	312,733
Total expenses	38,650,289	5,414,686	38,610,512	4,977,378	44,064,975	43,587,890
Transfers	(312,520)	312,520	(85,638)	85,638	-	-
Change in net position	2,984,127	(222,611)	130,736	(418,661)	2,761,516	4,205,266
Net position at beginning of year (restated)	72,531,738	20,640,240	N/A	N/A	93,171,978	N/A
Net position at end of year	$ 75,515,865	$ 20,417,629	$ 72,531,738	$ 20,640,240	$ 95,933,494	$ 93,171,978

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $136,124 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of $347,370.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2018 program expenses under GASB 75	$ 38,650,289	$ 5,414,686
OPEB expense under GASB 75	(327,423)	(19,947)
2018 contractually required contributions	10,690	466
Adjusted 2018 program expenses	38,333,556	5,395,205
Total 2017 program expenses under GASB 45	38,610,512	4,977,378
Increase (decrease) in program expenses not related to OPEB	$ (276,956)	$ 417,827

Governmental Activities

Governmental net position increased by $2,984,127 in 2018 from 2017.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2018, general government expenses totaled $9,481,442, or 24.53% of total governmental expenses. General government programs were supported by $3,594,209 in direct charges to users, $40,714 in operating grants and contributions, and $142,081 in capital grants and contributions.

The County's largest program was public safety, which primarily supports the operations of the sheriff's department, E-911, emergency medical services, and the EMS advanced & basic life services. The program accounted for $9,757,377 or 25.25% of total governmental expenses. Public safety programs are primarily supported by revenues from charges to users of service, of $1,154,381, and operating grants and contributions of $362,622.

The next largest program is public works, which accounted for $6,014,429 of expenses, or 15.56% of total governmental expenses of the County during 2018. Public works programs include the office of the County Engineer, which is accounted for in the motor vehicle and gas tax fund. These expenses were funded in part by $140,889 in charges to users of services, $4,214,188 in operating grants and contributions and $1,731,916 in capital grants and contributions.

Another significant program is health, which accounted for $5,890,658 of expenses, or 15.24% of total governmental expenses of the County during 2018. Health programs include the operation of the county board of DD, the senior center and the dog warden and kennel. These expenses were funded in part by $466,721 in charges to users of services and $950,744 in operating grants and contributions.

The final significant program is human services, which accounted for $5,425,708 of expenses, or 14.04% of total governmental expenses of the County during 2018. Human services programs include the operations of the public assistance, public assistance trust, child support enforcement agency and the children services board. These expenses were funded in part by $596,162 in charges to users of services, $4,188,151 in operating grants and contributions and $60,495 in capital grants and contributions in 2018.

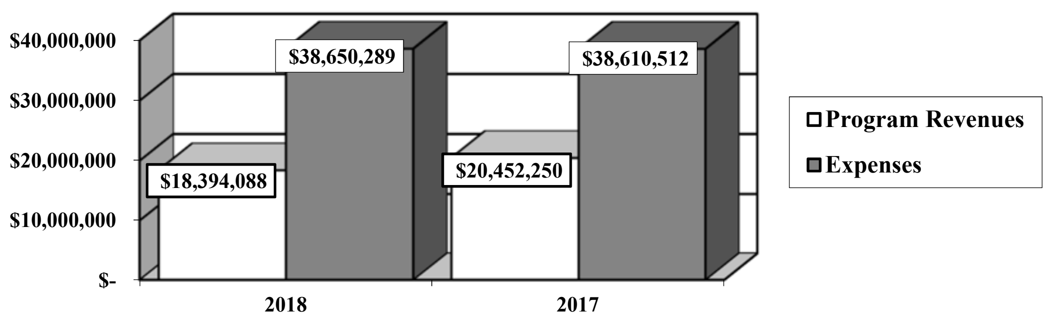
Operating grants and contributions were the largest type of program revenue. The State and federal government contributed revenues of $10,355,231 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, $4,188,151, or 40.44%, subsidized human services programs, $4,214,188 or 40.70%, subsidized public works programs, and $950,744, or 9.18%, subsidized health programs.

Another type of program revenue is direct charges to users of governmental activities, made up $6,104,365 or 14.55% of total governmental revenues. These charges for services and sales include fees for charges for services, licenses and permits, and fines and forfeitures related to judicial activities, and rental income.

General revenues totaled $23,552,848 and amounted to 56.15% of total revenues. These revenues primarily consist of property and sales tax revenue of $18,581,095, or 78.89% of total general revenues in 2018. Property taxes increased by $445,162 during 2018. Sales tax revenue increased $34,726 in 2018. The other primary source of general revenues is grants and entitlements not restricted to specific programs which include local government revenue, homestead and rollback and tangible personal property tax reimbursement revenue. Interest earnings increased during 2018 to $718,141, or 3.05%, of total general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

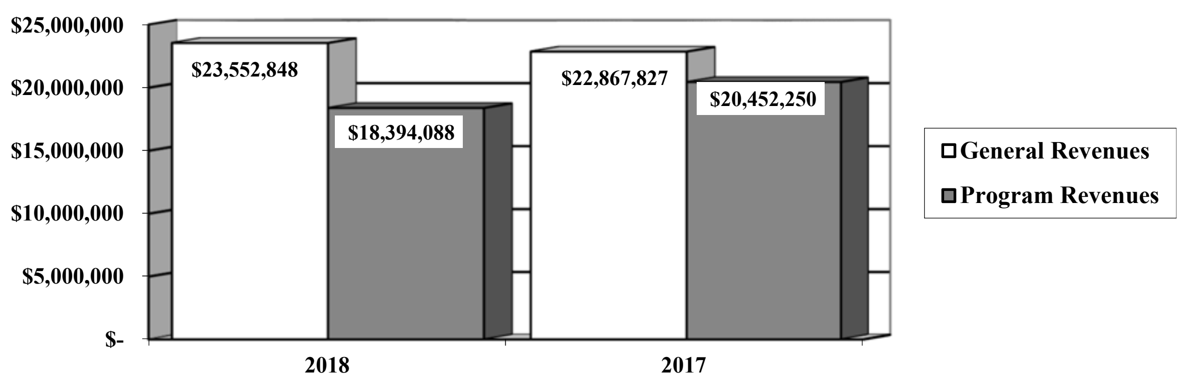
Governmental Activities – Program Revenues vs. Total Expenses



	Governmental Activities			
	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program expenses:				
General government	$ 9,481,442	$ 5,704,438	$ 8,889,959	$ 5,369,364
Public safety	9,757,377	8,240,374	9,597,882	7,513,186
Public works	6,014,429	(72,564)	6,307,438	517,796
Health	5,890,658	4,473,193	5,994,090	4,376,872
Human services	5,425,708	580,900	5,672,933	1,229,506
Economic development and assistance	895,081	144,266	920,114	(747,590)
Other	7,646	7,646	11,876	11,876
Intergovernmental	1,174,731	1,174,731	1,210,649	(118,319)
Interest and fiscal charges	3,217	3,217	5,571	5,571
Total	$ 38,650,289	$ 20,256,201	$ 38,610,512	$ 18,158,262

The dependence upon general revenues for governmental activities is apparent; with 52.41% and 47.03% of expenses supported through taxes and other general revenues during 2018 and 2017, respectively.

Governmental Activities - General and Program Revenues



Business-Type Activities

The water and sewer funds are the County's two major proprietary funds. The business-type activities had revenues of $4,879,555 and expenses of $5,414,686 for 2018. The net position of these programs decreased $222,611 or 1.08% from 2017's restated net position.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at year-end.

The County's governmental funds reported a combined fund balance of $38,087,770, which is $1,124,306 greater than last year's total of $36,963,464. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2018 for all major and non-major governmental funds.

	Fund Balance December 31, 2018	Fund Balance December 31, 2017	Increase (Decrease)
Major funds:			
General	$ 13,358,583	$ 13,926,779	$ (568,196)
Motor vehicle and gas tax	2,983,233	2,868,620	114,613
County board of DD	6,906,479	6,028,050	878,429
EMS A & B life services	1,317,229	1,186,902	130,327
Other nonmajor governmental funds	13,522,246	12,953,113	569,133
Total	$ 38,087,770	$ 36,963,464	$ 1,124,306

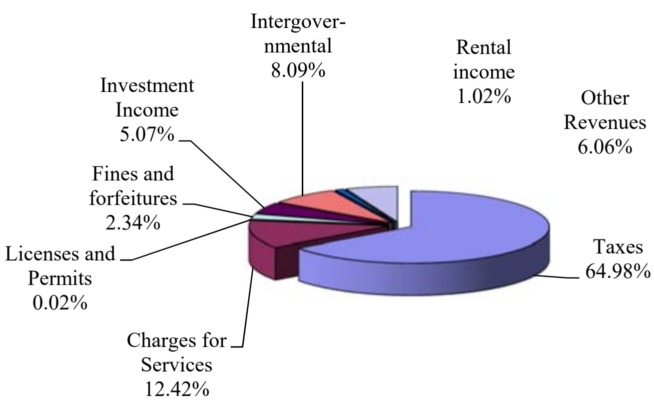
General Fund

The general fund is the primary operating fund of the County. During 2018, the County's general fund balance decreased $568,196. The table that follows assists in illustrating the revenues of the general fund.

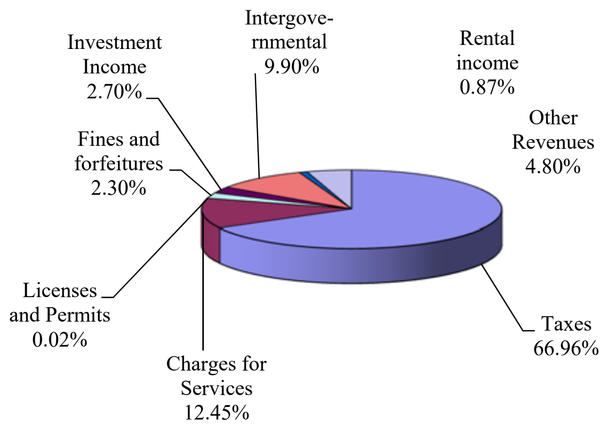
	2018 Amount	2017 Amount	Percentage Change
Revenues:			
Taxes	$ 9,603,164	$ 9,671,635	(0.71) %
Charges for services	1,835,638	1,797,631	2.11 %
Licenses and permits	2,708	2,779	(2.55) %
Fines and forfeitures	346,372	331,777	4.40 %
Intergovernmental	1,196,890	1,430,070	(16.31) %
Investment income	748,632	390,259	91.83 %
Rental income	150,838	125,828	19.88 %
Other	894,962	693,885	28.98 %
Total	$ 14,779,204	$ 14,443,864	2.32 %

Tax revenue represents 64.98% of all general fund revenue. Intergovernmental income decreased 16.31% due to Medicaid local sales tax aide received in 2017 and not 2018. Other revenues increased 28.98% due primarily to increased reimbursements in the prosecuting attorney and other miscellaneous departments. Investment income increased 91.83% due to the county holding more investments. All other revenue remained comparable to 2017.

Revenues – 2018



Revenues – 2017

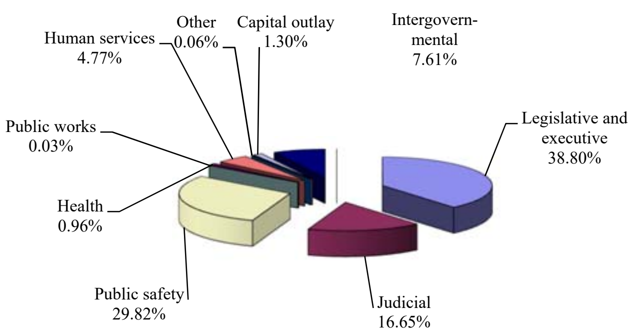


The table that follows assists in illustrating the expenditures of the general fund.

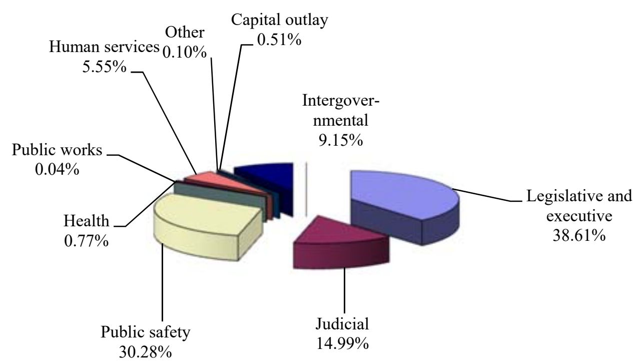
	2018 Amount	2017 Amount	Percentage Change
Expenditures			
General government			
Legislative and executive	$ 5,116,694	$ 4,716,810	8.48 %
Judicial	2,195,946	1,831,936	19.87 %
Public safety	3,931,358	3,699,461	6.27 %
Public works	4,590	4,377	4.87 %
Health	126,073	93,902	34.26 %
Human services	629,584	678,134	(7.16) %
Other	7,646	11,876	(35.62) %
Capital outlay	171,049	62,114	175.38 %
Intergovernmental	1,003,582	1,118,452	(10.27) %
Total	$ 13,186,522	$ 12,217,062	7.94 %

Overall general fund expenditures increased 7.94% from the prior year. General government expenditures increased 11.66% due to an increase in both legislative and executive and judicial expenditures. Capital outlay increased 175.38% due to an increase in assets purchased. Public safety increased 6.27% due primarily to an increase in payments related the Corrections Commission of Northwest Ohio during 2018. Overall, expenditures remained consistent with the prior year.

Expenditures – 2018



Expenditures – 2017



Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues of $5,101,802 in 2018. The motor vehicle and gas tax fund had expenditures of $4,987,189 in 2018. The motor vehicle and gas tax fund balance increased $114,613 from 2017 to 2018.

County Board of Developmental Disabilities (County Board of DD)

The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues and other financing sources of $4,750,587 in 2018. The county board of DD had expenditures of $3,872,158 in 2018. The county board of DD fund balance increased $878,429 from 2017 to 2018 due to an increase in tax levy revenues.

EMS Advanced and Basic Life Services Fund

The emergency medical system advanced and basic ("EMS A&B") life services fund, a County major fund, had revenues of $4,271,503 in 2018. The EMS advanced and basic life services fund had expenditures of $4,141,176 in 2018. The EMS A&B life services fund balance increased $130,327 from 2017 to 2018.

Budgeting Highlights – General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

In the general fund, actual revenues and other financing sources of $14,437,145 exceeded original budgeted revenues by $2,465,455 and final budgeted revenues by $2,445,465. The increase is due to the County's conservative approach to budgeting. Actual expenditures and other financing uses of $15,326,787 were $558,417 greater than original budgeted appropriations and $2,020,311 less than final budgeted appropriations, respectively; which is also due to the County's conservative approach to budgeting.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Capital Assets and Debt Administration

Capital Assets

At the end of 2018, the County had $76,836,319 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, $56,952,012 was reported in governmental activities and $19,884,307 was reported in business-type activities, see Note 10 to the basic financial statements for detail.

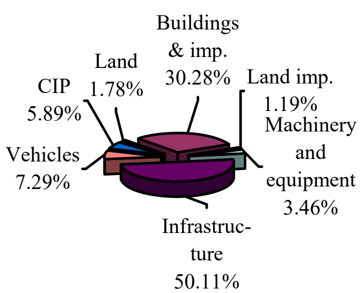
The following table shows fiscal 2018 balances compared to 2017:

Capital Assets at December 31
(Net of Depreciation)

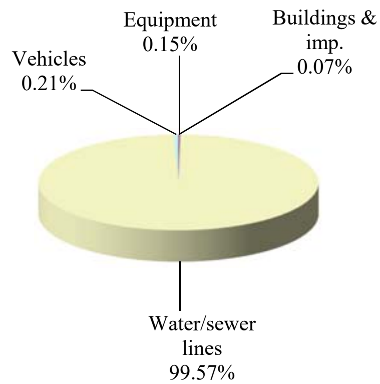
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 1,011,931	$ 1,011,931	$ -	$ -	$ 1,011,931	$ 1,011,931
Construction-in-progress	3,356,865	1,213,407	-	-	3,356,865	1,213,407
Land improvements	679,880	583,940	-	-	679,880	583,940
Building and improvements	17,247,501	16,864,781	8,680	10,415	17,256,181	16,875,196
Machinery and equipment	1,969,096	2,120,344	28,941	32,670	1,998,037	2,153,014
Vehicles	4,153,329	4,262,749	104,530	44,846	4,257,859	4,307,595
Infrastructure	28,533,410	27,662,177	-	-	28,533,410	27,662,177
Water/sewer lines	-	-	19,742,156	20,136,182	19,742,156	20,136,182
Total	$ 56,952,012	$ 53,719,329	$ 19,884,307	$ 20,224,113	$ 76,836,319	$ 73,943,442

The following graphs show the breakdown of governmental and business-type activities capital assets by category for 2018 and 2017.

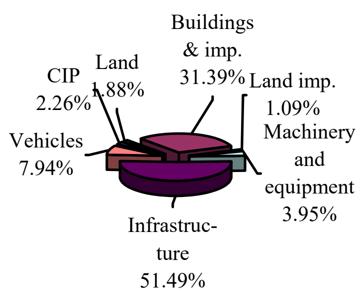
Capital Assets - Governmental Activities 2018



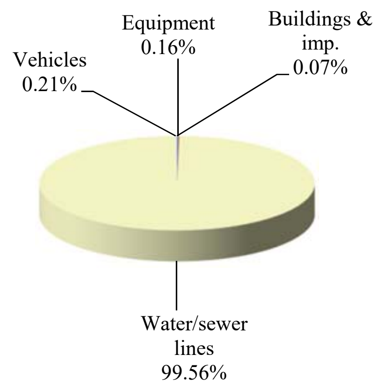
Capital Assets - Business-Type Activities 2018



Capital Assets - Governmental Activities 2017



Capital Assets - Business-Type Activities 2017



Debt Administration

The County had the following long-term obligations outstanding at December 31, 2018 and 2017:

	Governmental Activities 2018	Governmental Activities 2017
Special assessment bonds	$ 45,000	$ 65,000
Capital lease	3,773	6,837
OPWC loans	1,120,991	902,582
Total long-term obligations	$ 1,169,764	$ 974,419

	Business-Type Activities 2018	Business-Type Activities 2017
OWDA loans	$ 1,682,207	$ 1,760,612
Special assessment bonds	65,603	114,327
Loan payable	98,612	116,423
Total long-term obligations	$ 1,846,422	$ 1,991,362

See Note 13 to the basic financial statements for additional disclosures and detail regarding the County's debt activity.

Economic Factors

The County's Administration considered the impact of various economic factors when establishing the 2017 budget. Despite the uncertainty surrounding the economy, the County continues to carefully monitor its primary sources of revenue—real estate taxes, local sales taxes, local government funds and interest income. In order to stabilize the impact of the fluctuations in these revenue sources, the County continues to pursue economic development and job creation; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2017 budget, the County emphasized various efforts to continue to contain costs while pursuing new sources of revenue.

The average unemployment rate for Fulton County in 2018 was 4.4%. Fulton County ranks slightly lower than the state average of 4.6%. Efforts in the area of economic development are predicted to have positive results in 2018 with the addition of jobs in Fulton County. The strongest growth area in 2019 is predicted to be in the area of commercial/retail opportunities, while the manufacturing base is remaining steady. Also, new housing growth is remaining steady in the County. The overall economy of the County is anticipated to improve slowly over the next year.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Honorable Brett J. Kolb, Fulton County Auditor, Courthouse, 152 S. Fulton Street, Suite 165, Wauseon, Ohio 43567-3310.

FULTON COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 36,615,869	$ 2,422,520	$ 39,038,389
Cash in segregated accounts.	35,515	5,198	40,713
Receivables:			
Sales taxes.	2,159,596	-	2,159,596
Property taxes.	10,542,293	-	10,542,293
Accounts.	320,303	477,048	797,351
Special assessments	693,790	361,561	1,055,351
Accrued interest	103,364	-	103,364
Due from other governments.	4,268,798	-	4,268,798
Materials and supplies inventory.	293,353	758	294,111
Prepayments	128,432	3,300	131,732
Net pension asset.	73,714	1,754	75,468
Net OPEB asset.	33,000	-	33,000
Loans receivable, net	164,101	-	164,101
Internal balance	2,097	(2,097)	-
Capital assets:			
Land and construction in progress.	4,368,796	-	4,368,796
Depreciable capital assets, net.	52,583,216	19,884,307	72,467,523
Total capital assets, net.	56,952,012	19,884,307	76,836,319
Total assets	112,386,237	23,154,349	135,540,586
Deferred outflows of resources:			
Pension	3,250,858	89,604	3,340,462
OPEB.	635,602	15,036	650,638
Total deferred outflows of resources	3,886,460	104,640	3,991,100
Liabilities:			
Accounts payable.	1,039,490	343,483	1,382,973
Contracts payable.	532,970	-	532,970
Accrued wages and benefits.	266,304	6,301	272,605
Due to other governments	64,633	870	65,503
Accrued interest payable	174	303	477
Long-term liabilities:			
Due within one year	817,790	146,285	964,075
Net pension liability	13,001,396	298,566	13,299,962
Net OPEB liability.	8,436,081	200,777	8,636,858
Due in more than one year.	1,319,024	1,754,980	3,074,004
Total liabilities	25,477,862	2,751,565	28,229,427
Deferred inflows of resources:			
Property taxes levied for the next fiscal year. . .	10,496,000	-	10,496,000
Pension	3,414,927	72,672	3,487,599
OPEB.	1,368,043	17,123	1,385,166
Total deferred inflows of resources	15,278,970	89,795	15,368,765
Net position:			
Net investment in capital assets.	55,557,860	18,059,114	73,616,974
Restricted for:			
Debt service	8,328	-	8,328
Capital projects	1,289,520	-	1,289,520
Real estate assessment.	490,128	-	490,128
Public safety programs.	3,334,955	-	3,334,955
Public works.	2,055,628	-	2,055,628
Health programs.	4,088,249	-	4,088,249
County court special projects.	776,884	-	776,884
Human services programs.	2,207,039	-	2,207,039
Economic development programs.	703,122	-	703,122
County court computer services	536,519	-	536,519
Other purposes.	1,717,343	-	1,717,343
Unrestricted	2,750,290	2,358,515	5,108,805
Total net position	$ 75,515,865	$ 20,417,629	$ 95,933,494

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Current:				
General government:				
Legislative and executive.	$ 6,925,722	$ 2,135,856	$ 35,009	$ 50,000
Judicial.	2,555,720	1,458,353	5,705	92,081
Public safety	9,757,377	1,154,381	362,622	-
Public works	6,014,429	140,889	4,214,188	1,731,916
Health.	5,890,658	466,721	950,744	-
Human services	5,425,708	596,162	4,188,151	60,495
Economic development and assistance .	895,081	152,003	598,812	-
Intergovernmental.	1,174,731	-	-	-
Other	7,646	-	-	-
Interest and fiscal charges.	3,217	-	-	-
Total governmental activities	38,650,289	6,104,365	10,355,231	1,934,492
Business-type activities:				
Water.	4,455,507	4,040,074	-	-
Sewer.	645,548	466,682	-	-
Other business-type activities:				
Solid waste incinerator	313,631	249,361	-	-
Total business-type activities	5,414,686	4,756,117	-	-
Totals	$ 44,064,975	$ 10,860,482	$ 10,355,231	$ 1,934,492

General revenues:
Property taxes levied for:
General purposes . . . .
Health - County Board of DD. . . . .
Health - Senior Center. . . . .
Public safety - EMS A & B life services. . . . . . .
Public safety - EMS. . . . .
Public safety - 911. . . . .
Sales taxes levied for:
General purposes . . . .
Grants and entitlements not restricted
to specific programs. . . . .
Investment earnings. . . . .
Miscellaneous . . . .

Total general revenues . . . .

Transfers . . . .

Change in net position . . . .

Net position at beginning of year (restated). . . . .

Net positon at end of year. . . . .

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (4,704,857)	$ -	$ (4,704,857)
(999,581)	-	(999,581)
(8,240,374)	-	(8,240,374)
72,564	-	72,564
(4,473,193)	-	(4,473,193)
(580,900)	-	(580,900)
(144,266)	-	(144,266)
(1,174,731)	-	(1,174,731)
(7,646)	-	(7,646)
(3,217)	-	(3,217)
(20,256,201)	-	(20,256,201)
-	(415,433)	(415,433)
-	(178,866)	(178,866)
-	(64,270)	(64,270)
-	(658,569)	(658,569)
(20,256,201)	(658,569)	(20,914,770)
1,728,941	-	1,728,941
3,286,867	-	3,286,867
1,192,928	-	1,192,928
3,194,148	-	3,194,148
211,669	-	211,669
520,543	-	520,543
8,445,999	-	8,445,999
2,503,368	-	2,503,368
718,141	-	718,141
1,750,244	123,438	1,873,682
23,552,848	123,438	23,676,286
(312,520)	312,520	-
2,984,127	(222,611)	2,761,516
72,531,738	20,640,240	93,171,978
$ 75,515,865	$ 20,417,629	$ 95,933,494

FULTON COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Motor Vehicle and Gas Tax	County Board of DD	EMS A & B Life Services
Assets:				
Equity in pooled cash and investments	$ 11,342,541	$ 2,269,746	$ 7,112,950	$ 1,272,520
Cash in segregated accounts	35,515	-	-	-
Receivables:				
Sales taxes	2,117,968	41,628	-	-
Property taxes	1,853,444	-	3,326,181	3,205,958
Accounts	106,205	13,628	10,670	116,046
Special assessments	-	-	-	-
Interfund loans	100,000	-	-	-
Accrued interest	103,364	-	-	-
Due from other funds	21,397	-	-	-
Due from other governments	444,804	2,050,333	234,552	106,273
Advances to other funds	400,473	-	-	-
Materials and supplies inventory	67,437	165,572	1,638	-
Prepayments	56,847	5,041	4,924	105
Loans receivable, net	-	-	-	-
Total assets	$ 16,649,995	$ 4,545,948	$ 10,690,915	$ 4,700,902
Liabilities:				
Accounts payable	$ 190,437	$ 104,656	$ 243,768	$ 23,063
Contracts payable	-	-	-	-
Accrued wages and benefits payable	117,463	30,751	27,865	839
Compensated absences payable	11,688	-	-	-
Due to other governments	17,343	4,244	3,845	116
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Due to other funds	-	136	-	717
Total liabilities	336,931	139,787	275,478	24,735
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	1,850,000	-	3,320,000	3,200,000
Delinquent property tax revenue not available	3,444	-	6,181	5,958
Accrued interest not available	38,127	-	-	-
Special assessments revenue not available	-	-	-	-
Sales tax revenue not available	755,465	-	-	-
Intergovernmental revenue not available	307,445	1,422,928	182,777	106,273
Miscellaneous revenue not available	-	-	-	46,707
Total deferred inflows of resources	2,954,481	1,422,928	3,508,958	3,358,938
Fund balances:				
Nonspendable	619,385	170,613	6,562	105
Restricted	-	2,812,620	6,899,917	1,317,124
Committed	-	-	-	-
Assigned	4,959,526	-	-	-
Unassigned (deficit)	7,779,672	-	-	-
Total fund balances	13,358,583	2,983,233	6,906,479	1,317,229
Total liabilities, deferred inflows of resources and fund balances	$ 16,649,995	$ 4,545,948	$ 10,690,915	$ 4,700,902

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ 14,433,999	$ 36,431,756
-	35,515
-	2,159,596
2,156,710	10,542,293
73,754	320,303
693,790	693,790
-	100,000
-	103,364
85,893	107,290
1,432,836	4,268,798
-	400,473
58,508	293,155
51,907	118,824
164,101	164,101
$ 19,151,498	$ 55,739,258
$ 473,681	$ 1,035,605
532,970	532,970
83,819	260,737
3,348	15,036
38,317	63,865
100,000	100,000
400,473	400,473
104,340	105,193
1,736,948	2,513,879
2,126,000	10,496,000
3,958	19,541
-	38,127
693,790	693,790
-	755,465
1,068,556	3,087,979
-	46,707
3,892,304	15,137,609
110,415	907,080
11,270,102	22,299,763
2,181,026	2,181,026
1,176	4,960,702
(40,473)	7,739,199
13,522,246	38,087,770
$ 19,151,498	$ 55,739,258

FULTON COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Total governmental fund balances		$ 38,087,770
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds.		56,948,952
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Sales taxes receivable	$ 755,465	
Property taxes receivable	19,541	
Charges for service receivable	46,707	
Intergovernmental receivable	3,087,979	
Special assessments receivable	693,790	
Accrued interest receivable	38,127	
Total		4,641,609
Internal service funds are used by management to charge the costs of geographic information systems and loss to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position.		(256,794)
On the statement of net position interest is accrued on outstanding bonds and loans payable, whereas in the governmental funds, interest is accrued when due.		(174)
The net pension liability/asset is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds (excluding internal service fund).		
Net pension asset	72,317	
Deferred outflows of resources	3,191,143	
Deferred inflows of resources	(3,342,281)	
Net pension liability	(12,763,685)	
Total		(12,842,506)
The net OPEB liability/asset is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds (excluding internal service fund).		
Net OPEB asset	33,000	
Deferred outflows of resources	623,632	
Deferred inflows of resources	(1,335,788)	
Net OPEB liability	(8,276,227)	
Total		(8,955,383)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(937,845)	
Capital lease payable	(3,773)	
Special assessment bonds	(45,000)	
OPWC loans	(1,120,991)	
Total		(2,107,609)
Net position of governmental activities		$ 75,515,865

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Motor Vehicle and Gas Tax	County Board of DD	EMS A & B Life Services
Revenues:				
Property taxes.	$ 1,728,394	$ -	$ 3,286,344	$ 3,193,644
Sales taxes.	7,874,770	551,828	-	-
Charges for services.	1,835,638	65,486	105,324	837,294
Licenses and permits	2,708	-	-	-
Fines and forfeitures	346,372	75,403	-	-
Intergovernmental.	1,196,890	4,177,770	1,205,125	217,007
Special assessments	-	-	-	-
Investment income.	748,632	15,317	-	-
Rental income	150,838	-	-	-
Contributions and donations.	8,527	-	108,439	-
Other	886,435	215,998	355	23,558
Total revenues	14,779,204	5,101,802	4,705,587	4,271,503
Expenditures:				
Current:				
General government:				
Legislative and executive	5,116,694	-	-	-
Judicial.	2,195,946	-	-	-
Public safety	3,931,358	-	-	4,141,176
Public works	4,590	4,840,327	-	-
Health	126,073	-	3,842,218	-
Human services.	629,584	-	-	-
Economic development and assistance . .	-	-	-	-
Capital outlay	171,049	22,129	29,940	-
Intergovernmental.	1,003,582	-	-	-
Other	7,646	-	-	-
Debt service:				
Principal retirement.	-	124,733	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	13,186,522	4,987,189	3,872,158	4,141,176
Excess (deficiency) of revenues over (under) expenditures.	1,592,682	114,613	833,429	130,327
Other financing sources (uses):				
Transfers in	-	-	45,000	-
Transfers (out).	(2,160,878)	-	-	-
OPWC loan proceeds.	-	-	-	-
Total other financing sources (uses)	(2,160,878)	-	45,000	-
Net change in fund balances	(568,196)	114,613	878,429	130,327
Fund balances at beginning of year	13,926,779	2,868,620	6,028,050	1,186,902
Fund balances at end of year	$ 13,358,583	$ 2,983,233	$ 6,906,479	$ 1,317,229

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ 2,054,851	$ 10,263,233
-	8,426,598
2,373,619	5,217,361
48,697	51,405
224,797	646,572
7,178,855	13,975,647
774,254	774,254
2,841	766,790
-	150,838
344	117,310
413,626	1,539,972
13,071,884	41,929,980
1,027,381	6,144,075
222,417	2,418,363
1,206,011	9,278,545
16,048	4,860,965
1,755,395	5,723,686
4,884,266	5,513,850
875,162	875,162
4,813,129	5,036,247
63,493	1,067,075
-	7,646
23,064	147,797
3,295	3,295
14,889,661	41,076,706
(1,817,777)	853,274
2,088,768	2,133,768
(45,000)	(2,205,878)
343,142	343,142
2,386,910	271,032
569,133	1,124,306
12,953,113	36,963,464
$ 13,522,246	$ 38,087,770

FULTON COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds		$ 1,124,306
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	$ 7,389,891	
Current year depreciation	(3,875,475)	
Total		3,514,416
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(281,053)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Sales taxes	19,401	
Property taxes	2,250	
Intergovernmental revenues	(69,802)	
Special assessments	112,992	
Investment income	(48,649)	
Charges for services	764	
Total		16,956
Proceeds of loans are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(343,142)
Repayment of bond, loan, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		147,797
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		78
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,599,062	
OPEB	10,690	
Total		1,609,752
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,478,753)	
OPEB	(327,423)	
Total		(2,806,176)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(33,198)
The internal service funds used by management to charge the costs of GIS and loss to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.		34,391
Change in net position of governmental activities		$ 2,984,127

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property taxes	$ 1,707,500	$ 1,707,500	$ 1,786,704	$ 79,204
Sales taxes	7,200,000	7,200,000	7,769,441	569,441
Charges for services	1,207,580	1,207,580	1,512,103	304,523
Licenses and permits	1,300	1,300	2,708	1,408
Fines and forfeitures	292,300	292,300	347,766	55,466
Intergovernmental	748,000	767,990	1,086,097	318,107
Investment income	300,310	300,310	874,711	574,401
Rental income	110,000	110,000	152,451	42,451
Contributions and donations	2,000	2,000	8,527	6,527
Other	402,700	402,700	856,637	453,937
Total revenues	11,971,690	11,991,680	14,397,145	2,405,465
Expenditures:				
Current:				
General government:				
Legislative and executive	4,916,919	5,583,423	4,992,024	591,399
Judicial	2,387,202	2,478,508	1,956,755	521,753
Public safety	4,370,437	4,612,495	4,029,854	582,641
Public works	36,000	6,600	3,490	3,110
Health	108,788	126,311	126,166	145
Human services	932,656	886,976	650,729	236,247
Intergovernmental	1,038,606	1,064,603	1,044,659	19,944
Other	408,500	20,070	-	20,070
Capital outlay	569,262	224,459	179,457	45,002
Total expenditures	14,768,370	15,003,445	12,983,134	2,020,311
Excess (deficiency) of revenues over (under) expenditures	(2,796,680)	(3,011,765)	1,414,011	4,425,776
Other financing sources (uses):				
Advances in	-	-	40,000	40,000
Advances (out)	-	(750,000)	(750,000)	-
Transfers (out)	-	(1,593,653)	(1,593,653)	-
Total other financing sources (uses)	-	(2,343,653)	(2,303,653)	40,000
Net change in fund balance	(2,796,680)	(5,355,418)	(889,642)	4,465,776
Fund balances at beginning of year	7,613,439	7,613,439	7,613,439	-
Prior year encumbrances appropriated	307,076	307,076	307,076	-
Fund balance at end of year	$ 5,123,835	$ 2,565,097	$ 7,030,873	$ 4,465,776

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MOTOR VEHICLE AND GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Sales taxes	$ 548,000	$ 548,000	$ 550,252	$ 2,252
Charges for services	222,200	222,200	56,579	(165,621)
Fines and forfeitures	32,000	32,000	75,880	43,880
Intergovernmental	4,086,000	4,086,000	4,171,987	85,987
Investment income	1,200	1,200	15,317	14,117
Other	50,000	50,000	215,998	165,998
Total revenues	4,939,400	4,939,400	5,086,013	146,613
Expenditures:				
Current:				
Public works	6,324,394	6,161,639	5,475,202	686,437
Capital outlay	-	32,699	32,699	-
Debt service:				
Principal retirement	-	130,000	124,733	5,267
Total expenditures	6,324,394	6,324,338	5,632,634	691,704
Excess of expenditures over revenues	(1,384,994)	(1,384,938)	(546,621)	838,317
Other financing sources:				
Transfers in	30,000	30,000	42,743	12,743
Total other financing sources	30,000	30,000	42,743	12,743
Net change in fund balance	(1,354,994)	(1,354,938)	(503,878)	851,060
Fund balance at beginning of year	2,012,712	2,012,712	2,012,712	-
Prior year encumbrances appropriated	114,904	114,904	114,904	-
Fund balance at end of year	$ 772,622	$ 772,678	$ 1,623,738	$ 851,060

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COUNTY BOARD OF DEVELOPMENTAL DISABILITIES FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property taxes.	$ 3,320,000	$ 3,320,000	$ 3,414,145	$ 94,145
Charges for services.	48,000	48,000	105,207	57,207
Intergovernmental.	936,878	936,878	1,153,350	216,472
Contributions and donations.	-	-	108,439	108,439
Other	9,000	9,000	320	(8,680)
Total revenues	4,313,878	4,313,878	4,781,461	467,583
Expenditures:				
Current:				
Health	4,828,438	4,600,874	4,140,121	460,753
Capital outlay	-	30,000	29,940	60
Total expenditures	4,828,438	4,630,874	4,170,061	460,813
Excess (deficiency) of revenues over (under) expenditures.	(514,560)	(316,996)	611,400	928,396
Other financing sources (uses):				
Transfers in	45,000	45,000	45,000	-
Transfers (out).	-	(200,000)	-	200,000
Total other financing sources (uses).	45,000	(155,000)	45,000	200,000
Net change in fund balance	(469,560)	(471,996)	656,400	1,128,396
Fund balance at beginning of year	5,716,487	5,716,487	5,716,487	-
Prior year encumbrances appropriated . . .	55,938	55,938	55,938	-
Fund balance at end of year	$ 5,302,865	$ 5,300,429	$ 6,428,825	$ 1,128,396

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMS ADVANCED AND BASIC LIFE SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Property taxes.	$ 3,200,000	$ 3,200,000	$ 3,316,825	$ 116,825
Charges for services.	400,000	400,000	866,807	466,807
Intergovernmental.	160,000	160,000	217,007	57,007
Other	-	-	23,558	23,558
Total revenues	3,760,000	3,760,000	4,424,197	664,197
Expenditures:				
Current:				
Public safety	4,541,366	4,486,044	4,221,955	264,089
Total expenditures	4,541,366	4,486,044	4,221,955	264,089
Net change in fund balance	(781,366)	(726,044)	202,242	928,286
Fund balance at beginning of year	763,627	763,627	763,627	-
Prior year encumbrances appropriated . . .	84,502	84,502	84,502	-
Fund balance at end of year	$ 66,763	$ 122,085	$ 1,050,371	$ 928,286

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
Assets:					
Current assets:					
Equity in pooled cash and investments	$ 1,918,242	$ 466,816	$ 37,462	$ 2,422,520	$ 184,113
Cash with fiscal and escrow agents	-	-	5,198	5,198	-
Receivables:					
Accounts	396,369	74,430	6,249	477,048	-
Special assessments	16,269	345,292	-	361,561	-
Materials and supplies inventory	758	-	-	758	198
Prepayments	1,846	502	952	3,300	9,608
Total current assets	2,333,484	887,040	49,861	3,270,385	193,919
Noncurrent assets:					
Net pension asset	750	750	254	1,754	1,397
Capital assets:					
Depreciable capital assets, net	14,901,164	4,946,984	36,159	19,884,307	3,060
Total noncurrent assets	14,901,914	4,947,734	36,413	19,886,061	4,457
Total assets	17,235,398	5,834,774	86,274	23,156,446	198,376
Deferred outflows of resources:					
Pension	39,244	39,250	11,110	89,604	59,715
OPEB	6,428	6,428	2,180	15,036	11,970
Total deferred outflows of resources	45,672	45,678	13,290	104,640	71,685
Total assets and deferred outflows of resources	17,281,070	5,880,452	99,564	23,261,086	270,061
Liabilities:					
Current liabilities:					
Accounts payable	292,954	49,255	1,274	343,483	3,885
Accrued wages and benefits	2,825	2,825	651	6,301	5,567
Due to other funds	1,009	1,009	79	2,097	-
Due to other governments	390	390	90	870	768
Accrued interest payable	71	232	-	303	-
Compensated absences payable - current	20,131	20,131	-	40,262	14,169
Special assessment bonds payable	816	8,383	-	9,199	-
OWDA loans payable	66,216	12,188	-	78,404	-
Other loans payable	18,420	-	-	18,420	-
Total current liabilities	402,832	94,413	2,094	499,339	24,389
Long-term liabilities:					
Special assessment bonds payable	7,768	48,636	-	56,404	-
OWDA loans payable	1,489,862	113,941	-	1,603,803	-
Other loans payable	80,192	-	-	80,192	-
Net pension liability	127,642	127,650	43,274	298,566	237,711
Net OPEB liability	85,836	85,841	29,100	200,777	159,854
Total long-term liabilities	1,798,337	383,104	72,882	2,254,323	397,565
Total liabilities	2,201,169	477,517	74,976	2,753,662	421,954
Deferred inflows of resources:					
Pension	30,991	30,993	10,688	72,672	72,646
OPEB	6,671	6,668	3,784	17,123	32,255
Total deferred inflows of resources	37,662	37,661	14,472	89,795	104,901
Total liabilities and deferred inflows of resources	2,238,831	515,178	89,448	2,843,457	526,855
Net position:					
Net investment in capital assets	13,237,889	4,785,066	36,159	18,059,114	3,060
Unrestricted (deficit)	1,804,350	580,208	(26,043)	2,358,515	(259,854)
Total net position (deficit)	$ 15,042,239	$ 5,365,274	$ 10,116	$ 20,417,629	$ (256,794)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	**Sewer**	**Nonmajor Enterprise Funds**	**Total**	
Operating revenues:					
Charges for services	$ 4,036,587	$ 463,194	$ 249,361	$ 4,749,142	$ 479,300
Tap-in fees	3,487	3,488	-	6,975	-
Other operating revenues	41,137	82,280	21	123,438	-
Total operating revenues	4,081,211	548,962	249,382	4,879,555	479,300
Operating expenses:					
Personal services	177,776	177,781	53,339	408,896	312,238
Contract services	3,615,035	259,524	238,132	4,112,691	-
Materials and supplies	10,084	10,748	12,700	33,532	151,210
Administrative costs	6,569	6,570	-	13,139	784
Depreciation	493,234	176,108	4,055	673,397	680
Other	144,503	4,651	5,405	154,559	997
Total operating expenses	4,447,201	635,382	313,631	5,396,214	465,909
Operating income (loss)	(365,990)	(86,420)	(64,249)	(516,659)	13,391
Nonoperating expenses:					
Interest and fiscal charges	(3,919)	(5,585)	-	(9,504)	-
Loss on sale of capital assets	(4,387)	(4,581)	-	(8,968)	-
Total nonoperating expenses	(8,306)	(10,166)	-	(18,472)	-
Income (loss) before transfers and capital contributions	(374,296)	(96,586)	(64,249)	(535,131)	13,391
Transfer in	-	1,110	50,000	51,110	21,000
Capital contributions	-	261,410	-	261,410	-
Change in net position	(374,296)	165,934	(14,249)	(222,611)	34,391
Net position (deficit) at beginning of year (restated).	15,416,535	5,199,340	24,365	20,640,240	(291,185)
Net position (deficit) at end of year	$ 15,042,239	$ 5,365,274	$ 10,116	20,417,629	$ (256,794)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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FULTON COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities:					
Cash received from tap-in fees	$ 3,487	$ 3,488	$ -	$ 6,975	$ -
Cash received from charges for services.	3,986,026	441,322	247,943	4,675,291	479,323
Cash received from other operations	42,321	82,280	21	124,622	-
Cash payments for personal services.	(158,588)	(158,588)	(47,755)	(364,931)	(303,276)
Cash payments for contractual services	(3,592,829)	(256,826)	(249,041)	(4,098,696)	-
Cash payments for materials and supplies	(6,807)	(10,539)	(12,777)	(30,123)	(136,054)
Cash payments for administrative costs	(7,292)	(7,293)	-	(14,585)	(851)
Cash payments for other expenses	(129,667)	(5,255)	(5,405)	(140,327)	(1,205)
Net cash provided by (used in) operating activities.	136,651	88,589	(67,014)	158,226	37,937
Cash flows from noncapital financing activities:					
Cash received from transfers in	-	1,110	50,000	51,110	21,000
Net cash provided by noncapital financing activities.	-	1,110	50,000	51,110	21,000
Cash flows from capital and related financing activities:					
Acquisition of capital assets.	(40,575)	(40,574)	-	(81,149)	-
Principal retirement on bonds	(740)	(47,984)	-	(48,724)	-
Principal retirement on loans	(84,028)	(12,188)	-	(96,216)	-
Interest and fiscal charges.	(4,270)	(5,430)	-	(9,700)	-
Net cash used in capital and related financing activities.	(129,613)	(106,176)	-	(235,789)	-
Net increase (decrease) in cash and investments	7,038	(16,477)	(17,014)	(26,453)	58,937
Cash and investments at beginning of year . .	1,911,204	483,293	59,674	2,454,171	125,176
Cash and investments at end of year.	$ 1,918,242	$ 466,816	$ 42,660	$ 2,427,718	$ 184,113

- - Continued

FULTON COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	**Sewer**	**Nonmajor Enterprise Funds**	**Total**	
Reconciliation of operating income (loss) to net cash provided (used in) by operating activities:					
Operating income (loss)	$ (365,990)	$ (86,420)	$ (64,249)	$ (516,659)	$ 13,391
Adjustments:					
Depreciation	493,234	176,108	4,055	673,397	680
Changes in assets and liabilities:					
(Increase) decrease in materials and supplies inventory	3,463	-	-	3,463	(6)
(Increase) decrease in accounts receivable	(55,422)	(7,452)	(1,418)	(64,292)	23
(Increase) decrease in special assessment receivable	6,045	(14,420)	-	(8,375)	-
(Increase) in net pension asset	(552)	(552)	(181)	(1,285)	(959)
Decrease in deferred outflows - pension	26,707	26,701	13,101	66,509	86,272
(Increase) in deferred outflows - OPEB	(5,353)	(5,353)	(1,785)	(12,491)	(9,574)
(Increase) decrease in prepayments	12,175	550	(7)	12,718	6,685
Increase (decrease) in accounts payable	24,396	1,467	(10,902)	14,961	132
Increase (decrease) in accrued wages and benefits	539	539	(15)	1,063	950
Increase (decrease) in intergovernmental payable	75	75	(2)	148	130
(Decrease) in net pension liability	(41,688)	(41,680)	(18,890)	(102,258)	(137,113)
Increase (decrease) in net OPEB liability	5,647	5,652	(336)	10,963	(18,795)
Increase in deferred inflows pension	28,324	28,326	9,400	66,050	53,603
Increase in deferred inflows OPEB	6,671	6,668	3,784	17,123	38,471
Increase (decrease) in compensated absences payable	(881)	(882)	508	(1,255)	4,114
(Decrease) in due to other funds	(739)	(738)	(77)	(1,554)	(67)
Net cash provided (used in) by operating activities	$ 136,651	$ 88,589	$ (67,014)	$ 158,226	$ 37,937

Non-cash transaction:
During 2018, the sewer fund received $261,410 in capital contributions from governmental activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Agency
Assets:	
Equity in pooled cash	
and investments	$ 5,751,970
Cash in segregated accounts	392,196
Receivables:	
Real estate and other taxes	48,821,885
Due from other governments	1,686,357
Special assessments	3,974,085
Deferred special assessments	1,263,107
Total assets	$ 61,889,600
Liabilities:	
Deposits held and due to others	$ 6,144,166
Due to other governments	54,482,327
Deferred loan payments	1,263,107
Total liabilities	$ 61,889,600

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE COUNTY

Fulton County, Ohio (the "County") was created in 1850. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County's operations are: the county auditor, county treasurer, recorder, clerk of courts, coroner, engineer, prosecuting attorney, sheriff, common pleas court judge, a probate court judge and two county municipal court judges.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The most significant of the County's accounting policies are described below.

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as:

EXCLUDED POTENTIAL COMPONENT UNITS

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the County Treasurer invests public monies held on deposit in the County treasury.

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent and custodian, but is not accountable; therefore, the operations of the following PCU's have been excluded from the County's BFS, but the funds held on behalf of these PCU's in the County treasury are included in the agency funds.

Fulton County Board of Health - The five-member Board of Health is appointed by the District Advisory Council, which is comprised of township trustee chairmen and clerks and mayors of participating municipalities. The Board of Health adopts its own budget and operates autonomously from the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Soil and Water Conservation District - The five members of the District are independently elected officials. They adopt their own budget and operate autonomously from the County.

JOINTLY GOVERNED ORGANIZATIONS

Maumee Valley Planning Organization - The County is a member of the Maumee Valley Planning Organization (MVPO) which is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants and help with housing rehabilitation in the area.

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member county as well as one township representative and one municipal representative for each of the five member counties. The main sources of revenue are fees charged by MVPO to administer Community Development Block Grants and a per capita amount from each county. In 2018, the County paid per capita charges of $55,657 to MVPO.

JOINT VENTURES WITHOUT EQUITY INTEREST

Corrections Center of Northwest Ohio - The County is a member of Northwest Ohio's Multicounty - Municipal Correctional Center (CCNO), which is a joint venture between Defiance, Fulton, Henry, Lucas and Williams counties and the City of Toledo. The purpose of the CCNO is to provide additional jail space for convicted criminals in the five counties and City of Toledo and to provide a correctional center for the inmates. The CCNO joint venture was created in 1986, construction was finished and occupancy was taken December 31, 1996.

The CCNO is governed by a commission team made up of 18 members. These members consist of one judge, one chief law enforcement officer, and one county commissioner or administrative official from each entity. Sources of revenue include operating costs and capital costs contributed by members and rental revenue. The County does not have explicit, measurable right to the net resources of the CCNO. Total expenditures made by the County to the CCNO in 2018 were $1,449,082. Complete financial statements for the CCNO can be obtained from the CCNO’s administrative office on County Road 24 in Stryker, Ohio.

The Multi-Area Task Force (Task Force) – is a joint venture among Defiance, Williams, Fulton, and Putnam counties and Defiance and Bryan City. The Task Force is jointly controlled by the chief law enforcement officer of each respective entity. The main source of revenue for the Task Force is from federal grants and local matching funds from the entities. The County has no ongoing financial interest or responsibility for the Task Force. In 2018, the County contributed $25,000 to the Task Force’s operations. Information can be obtained from the Defiance County Sheriff’s Office, 113 Beide Street, Defiance, Ohio 43512.

Regional Planning Commission - The County, along with the townships, villages and cities within Fulton County, is a participant in the joint venture to operate the Fulton County Regional Planning Commission (the “Commission”). The Commission's duties are to make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions, services, and other aspects of the County.

The entities within the Commission pay an annual assessment to the Commission based on census figures. The County’s assessments are a match to the total assessment on the members. The financial statements of the Commission can be reviewed at the Fulton County Courthouse, Wauseon.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Quadco Rehabilitation Center - The County is a participant with Henry, Defiance, and Williams Counties in a joint venture to operate Quadco Rehabilitation Center, Administrative Board (Quadco). Quadco, a nonprofit corporation, provides services and facilities for training physically and mentally disabled persons. Quadco is responsible for contracting with various agencies to obtain funding to operate the organization.

Quadco is governed by an eight-member Board composed of two appointees made by each of the four County Boards of Developmental Disabilities (County Boards of DD). This Board in conjunction with the County Boards of DD assesses the need of the adult developmentally disabled residents in each County and sets priorities based on available funds. The County provides subsidies to Quadco based on units of service provided to it. For the year ended December 31, 2018 the County remitted $478 to Quadco to supplement its operations.

The Board operates autonomously from the County and the County has no financial responsibility for the operations of the Board. On dissolution of Quadco, the property and equipment of the corporation would revert back to the four counties. This access to the net resources of the Board has not been explicitly defined, nor is it currently measurable. Complete financial statements for Quadco can be obtained from Quadco's administrative office at 427 N. Fulton Street, Stryker, Ohio.

Four County Solid Waste District - The County is a member of the Four County Solid Waste District (District), which is a joint venture between Fulton, Defiance, Paulding, and Williams counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and landfilling. The District was created in 1989.

The District is governed and operated through a twelve-member Board of Directors, comprised of three commissioners from each county. Financial records are maintained by the Williams County Auditor in Bryan, Ohio. The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste.

The County has an ongoing financial interest in the District. The County Commissioners are able to influence the Board of Directors to use the District's surplus resources to undertake special projects of interest of the County's citizens. In the event that a county withdraws from the District, this access to the net resources has not been explicitly defined, nor is it currently measurable. The County has no ongoing financial responsibility for the District. No contributions were made by the County to the District in 2018. Grant monies received by the County from the District are reported in a special revenue fund.

Community Improvement Corporation of Fulton County - The County, along with the townships, villages and cities within Fulton County, is a participant in the joint venture to operate the Community Improvement Corporation (CIC) of Fulton County. The CIC’s duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the County and the surrounding territory.

The CIC is governed by a board of twenty-three trustees. Four of these trustees are elected and appointed officials of Fulton County, with the remaining trustees consisting of officials from the various municipalities, townships and villages represented, as well as four at-large members from local businesses which have an interest in economic development. The County’s degree of control over the board is limited to its representation on the board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Northwest Ohio Juvenile Detention, Training, and Rehabilitation District - The County is a participant with Defiance, Henry, and Williams Counties in a joint venture to operate the Northwest Juvenile Detention, Training, and Rehabilitation District (NWOJDD), established to operate both detention and training and rehabilitation facilities for juveniles.

NWOJDD is governed and operated by a thirteen-member board of trustees consisting of three trustees from each county and one at large member. Revenue sources are from member counties and rental revenue. The County has no ongoing financial responsibility for NWOJDD. The County remitted $285,360 to NWOJDD in 2018.

Four County Board of Alcohol, Drug Addiction and Mental Health Services - The Four County Board of Alcohol, Drug Addiction and Mental Health Services (the "Board") is a joint venture between Fulton, Defiance, Henry, and Williams Counties. The purpose of this board is to provide alcohol, drug addiction, and mental health services to individuals in the four counties.

The Four County Board is governed by a Board consisting of eighteen members. The breakdown is as follows: four members are appointed by the Ohio Director of Alcohol and Drug Addiction Services and by the Ohio Department of Mental Health, three each are appointed by the Defiance and Fulton County Commissioners, and two each are appointed by the Henry and Williams County Commissioners.

The main sources of revenue of the Board are State and federal grants, and a property tax levy covering the entire four county areas. Outside agencies are contracted by the Board to provide services for the Board. The Board operates autonomously from the County and the County has no financial responsibility for the operations of the Board. The County does have indirect access to the net resources of the Board. In the event the County withdrew from the Board it would be entitled to a share of the state and federal grants that is currently being received by the Board. This access to net resources of the Board has not been explicitly defined, nor is it currently measurable. Complete financial statements for the Board can be obtained from the Board at its offices located at State Route 66 at State Route 34, Archbold, Ohio.

B. Basis of Presentation

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

C. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows is reported as fund balance. The following are the County's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor Vehicle and Gas Tax - This fund accounts for revenues derived from motor vehicle licenses, and gasoline taxes. Expenditures are restricted by State law to County road and bridge repair and maintenance programs.

County Board of Developmental Disabilities (County Board of DD) - This fund accounts for the operation of a school and the costs of administering a workshop for the developmentally disabled. Revenue sources include a countywide property tax levy and federal and State grants.

EMS Advanced and Basic Life Services - This fund accounts for a property tax levy, charges for services and cost of services related to the emergency medical services provided by the County.

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County has presented the following major enterprise funds:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Sewer - This fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of the County. The costs of providing these services are financed primarily through user charges.

Water - This fund accounts for revenues and expenses associated with water services provided from the County to individual and commercial users. The costs of providing these services are financed primarily through user charges.

The other enterprise funds of the County are used to account for the solid waste incinerator and recycling activities. These funds are nonmajor funds whose activities have been aggregated and presented in a single column in the BFS.

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service funds primarily account for geographic information systems services provided to various departments of the County.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's only fiduciary funds are agency funds. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and for forfeitures collected and distributed to other political subdivisions.

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of the County are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows, current liabilities and current deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. Government-wide financial statements are prepared using the full accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the full accrual basis of accounting. Differences in the full accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the full accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from all other nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (See Note 7), interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, See Notes 15 and 16 for deferred outflows of resources related the County's net pension liability and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For the County, See Notes 15 and 16 for deferred inflows of resources related to the County's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expense/Expenditures - On the full accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds are legally required to be budgeted. The purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the original and final amended certificate of estimated resources issued during 2018.

Appropriations - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2018 are included in the original and final budget amounts in the budget-to-actual comparisons.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not re-appropriated.

G. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During 2018, investments were limited to federal agency securities, negotiable certificates of deposit, nonnegotiable certificates of deposit, commercial paper and U.S. Government money market mutual funds.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2018 amounted to $748,632 which includes $545,359 assigned from other County funds.

The County has segregated bank accounts for monies held separately from the County's central bank account. These depository accounts are presented on the basic financial statements as "cash in segregated accounts" since they are not required to be deposited into the County treasury.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the County's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

On the government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, reported material and supplies inventory is equally offset by nonspendable balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

I. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of $2,500. The County's infrastructure consists of roads, bridges, culverts and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land improvements	10 - 20 years	-
Buildings and improvements	20 - 40 years	20 - 40 years
Machinery and equipment	5 - 20 years	5 - 20 years
Vehicles	8 - 20 years	5 years
Sewer lines/water lines	-	50 years
Infrastructure	20 - 50 years	20 - 50 years

Interest is capitalized on proprietary fund capital assets acquired with tax-exempt debt. The County's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period.

Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset. For 2018, the net interest expense incurred on proprietary fund construction projects was not material.

J. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and is not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2018, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the vesting method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2018 and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of 4.6 hours per 80 hours worked. Vacation and sick leave are accumulated on an hours worked basis. Vacation pay is vested after one year and sick pay upon eligibility for retirement. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance classification in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds capital leases and long-term loans are recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

M. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" for long-term loans and "interfund loans receivable/ payable" for short-term loans. All other outstanding balances outstanding between funds are reported as "due to/from other funds." These amounts are eliminated in the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the governmental fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Commissioners (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Commissioners.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for the water, sewer, solid waste incinerator, recycling and geographic information systems programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction or from other funds within the County. During 2018, the sewer fund received $261,410 in capital contributions from the governmental activities.

Q. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At December 31, 2018, there was no net position restricted by enabling legislation.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2018.

S. Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

T. Pensions/Other Postemployment Benefits (OPEB)

Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 15 and 16, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

U. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the County has implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", GASB Statement No. 85, *"Omnibus 2017"* and GASB Statement No. 86, "*Certain Debt Extinguishments*".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the County's postemployment benefit plan disclosures, as presented in Note 16 to the basic financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the County.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the County.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities and business-type activities at January 1, 2018 have been restated as follows:

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

	Governmental Activities	Business-type Activities
Net position as previously reported	$ 81,346,641	$ 20,827,509
Deferred outflows of resources	125,114	2,545
Deferred inflows of resources	(15,095)	-
Net OPEB liability	(8,924,922)	(189,814)
Restated net position at January 1, 2018	$ 72,531,738	$ 20,640,240

	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Internal Service Funds
Net position as previously reported	$ 5,278,454	$ 15,495,649	$ 53,406	$ (114,932)
Deferred outflows of resources	1,075	1,075	395	2,396
Net OPEB liability	(80,189)	(80,189)	(29,436)	(178,649)
Restated net position at January 1, 2018	$ 5,199,340	$ 15,416,535	$ 24,365	$ (291,185)

B. Deficit Fund Balances

Fund balances at December 31, 2018 included the following individual fund deficits:

Nonmajor governmental fund	Deficit
Ditch bond retirement	$ 40,473
Internal service funds	
Geographic information system	175,703
Loss control fund	81,091

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;

2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;

6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;

9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:

   a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.

   b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;

11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,

12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash in Segregated Accounts

At year end, the County had $432,909 cash and cash equivalents deposited separate from the County's internal investment pool. This amount is included in the amount of deposits with financial institutions below.

B. Deposits with Financial Institutions

At December 31, 2018, the carrying amount of all County deposits was $13,543,556. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2018, $631,545 of the County's bank balance of $14,267,131 was either covered by the Ohio Pooled Collateral System or exposed to custodial risk as discussed below, while $13,635,586 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the County's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of December 31, 2018, the County had the following investments and maturities:

		Investment Maturities				
Measurement/ Investment type	Measurement Amount	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair value:						
FHLMC	$ 10,878,009	$ -	$ 1,831,658	$ 739,170	$ 4,184,488	$ 4,122,693
FHLB	2,435,957	-	-	-	-	2,435,957
FFCB	3,056,064	-	-	-	-	3,056,064
FNMA	3,237,700	-	744,263	792,672	1,700,765	-
Negotiable CD's	3,582,995	-	-	-	930,392	2,652,603
Commercial paper	8,482,942	3,183,618	5,299,324	-	-	-
U.S. Government money market	6,045	6,045	-	-	-	-
Total	$ 31,679,712	$ 3,189,663	$ 7,875,245	$ 1,531,842	$ 6,815,645	$ 12,267,317

The weighted average maturity of investments is 1.90 years.

The County's investment in a U.S. Government money market is valued using quoted prices in active markets (Level 1 inputs). The County's investments in federal agency securities, commercial paper and negotiable certificate of deposit are valued using quoted market prices in markets that are not considered to be active, dealer quotation or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The U.S. Government money market funds carry a rating of AAAm by Standard & Poor's. The County's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The County's investments in negotiable certificates of deposit, commercial paper and U.S. government money market were not rated.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities, commercial paper, and negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured and unregistered. The County has no investment policy dealing with investments custodial risk beyond the requirement in State statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the County Treasurer or qualified trustee.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2018:

Measurement/ Investment type	Measurement Amount	% of total
Fair value:		
FHLMC	$ 10,878,009	34.34%
FHLB	2,435,957	7.69%
FFCB	3,056,064	9.65%
FNMA	3,237,700	10.22%
Negotiable CD's	3,582,995	11.31%
Commercial paper	8,482,942	26.77%
U.S. Government money market	6,045	0.02%
Total	$ 31,679,712	100.00%

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2018:

Cash and investments per note	
Carrying amount of deposits	$ 13,543,556
Investments	31,679,712
Total	$ 45,223,268

Cash and investments per statement of net position	
Governmental activities	$ 36,651,384
Business-type activities	2,427,718
Agency funds	6,144,166
Total	$ 45,223,268

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2018, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	
General fund	$ 2,088,768
Transfers to County Board of DD fund from:	
Nonmajor governmental fund	45,000
Transfers to internal service fund from:	
General fund	21,000
Transfers to Sewer fund from:	
General fund	1,110
Transfers to nonmajor enterprise fund from:	
General fund	50,000
Total transfers	$ 2,205,878

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated on the statement of activities.

B. Long-term advances to and from other funds at December 31, 2018, consisted of the following, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General Fund	Nonmajor Governmental Funds	$ 400,473

The balance in the general fund represents amounts due from other funds that are not expected to be repaid within the next fiscal year.

Long-term advances between governmental funds are eliminated on the statement of net position.

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

C. Due to/from other funds consisted of the following at December 31, 2018, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General fund	EMS A&B	$ 717
General fund	Motor Vehicle & Gas Tax	136
General fund	Nonmajor governmental funds	18,447
General fund	Water	1,009
General fund	Sewer	1,009
General fund	Nonmajor enterprise fund	79
Nonmajor governmental funds	Nonmajor governmental funds	85,893
Total due to/from other funds		$ 107,290

The balances resulted from the time lag between the dates that payments between the funds are made. Amounts due to/from between governmental funds are eliminated on the statement of net position.

D. Interfund loans receivable/payable consisted of the following at December 31, 2018 as reported on the fund statement:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental fund	$ 100,000

Interfund loans between governmental funds are eliminated on the statement of net position.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

NOTE 6 - PROPERTY TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2018 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2018 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

The full tax rate for all County operations for the year ended December 31, 2018 was $13.40 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

Real property	
Residential/agricultural	$ 838,055,840
Commercial/industrial/mineral	139,162,560
Public utility	
Real/Personal	96,692,390
Total assessed value	$ 1,073,910,790

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1983, the County Commissioners by resolution imposed a 0.5% tax on all retail sales made in the County, including sales of motor vehicles, and on storage, use, or consumption in the County of tangible personal property, including automobiles not subject to the sales tax. In 1987, the County Commissioners by resolution increased this tax by 0.5% to provide a total tax of 1.0%. In 2009, the County Commissioners by resolution increased this tax by 0.5% to provide a total tax of 1.5%.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the taxes to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month.

Proceeds of the sales tax are credited to the general fund and the motor vehicle and gas tax fund and amounts that have been collected by the State and are to be received within the available period are accrued as revenue to the extent they are intended to finance the 2018 operations. Sales tax revenue for 2018 amounted to $8,426,598.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2018, consisted of taxes, special assessments, accounts (billings for user charged services), interest, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2018.

NOTE 8 – RECEIVABLES – (Continued)

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:		
Sales taxes	$	2,159,596
Property taxes		10,542,293
Accounts		320,303
Due from other governments		4,268,798
Special assessments		693,790
Accrued interest		103,364
Business-type activities:		
Accounts		477,048
Special assessments		361,561

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year, with the exception of the special assessments which are collected over the life of the assessment.

NOTE 9 - LOANS RECEIVABLE

Loans receivable represents low interest loans made by the County for development projects and small businesses under the Federal Community Development Block Grant (CDBG) program. The loans bear interest at annual rates ranging between 3 and 5 percent. The loans are to be repaid over periods ranging from 5 to 10 years. A summary of the CDBG loan activity for 2018 is as follows:

	Balance at 12/31/2017	Issued/ Additions	Payments/ Reductions	Balance at 12/31/2018
Revolving loans	$ 330,891	$ -	$ (29,755)	$ 301,136
Allowance for doubtful accounts	(137,035)	-	-	(137,035)
Revolving loans, net	$ 193,856	$ -	$ (29,755)	$ 164,101

The loans are reported in the nonmajor governmental funds.

NOTE 10 - CAPITAL ASSETS

A. Capital asset activity for the fiscal year ended December 31, 2018, was as follows:

	Balance 12/31/17	Additions	Deductions	Balance 12/31/18
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,011,931	$ -	$ -	$ 1,011,931
Construction in progress	1,213,407	2,143,458	-	3,356,865
Total capital assets not being depreciated	2,225,338	2,143,458	-	4,368,796
Capital assets being depreciated:				
Land improvements	4,295,022	187,963		4,482,985
Buildings and improvements	29,287,983	1,263,767	(30,151)	30,521,599
Machinery and equipment	7,412,947	258,025	(7,495)	7,663,477
Vehicles	7,319,869	575,409	(734,681)	7,160,597
Infrastructure	61,973,162	2,961,269	-	64,934,431
Total capital assets being depreciated	110,288,983	5,246,433	(772,327)	114,763,089
Less: accumulated depreciation:				
Land improvements	(3,711,082)	(92,023)	-	(3,803,105)
Buildings and improvements	(12,423,202)	(866,445)	15,549	(13,274,098)
Machinery and equipment	(5,292,603)	(408,804)	7,026	(5,694,381)
Vehicles	(3,057,120)	(418,847)	468,699	(3,007,268)
Infrastructure	(34,310,985)	(2,090,036)	-	(36,401,021)
Total accumulated depreciation	(58,794,992)	(3,876,155)	491,274	(62,179,873)
Total capital assets being depreciated, net	51,493,991	1,370,278	(281,053)	52,583,216
Governmental activities capital assets, net	$ 53,719,329	$ 3,513,736	$ (281,053)	$ 56,952,012

Capital assets of the business-type activities for the year ended December 31, 2018, was as follows:

	Balance 12/31/17	Additions	Deductions	Balance 12/31/18
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	$ 69,416	$ -	$ -	$ 69,416
Machinery and equipment	264,545	-	-	264,545
Vehicles	59,247	81,149	(13,500)	126,896
Waterlines/sewerlines	32,744,759	261,410	(9,650)	32,996,519
Total capital assets being depreciated	33,137,967	342,559	(23,150)	33,457,376
Less: accumulated depreciation:				
Buildings and improvements	(59,001)	(1,735)	-	(60,736)
Machinery and equipment	(231,875)	(3,729)	-	(235,604)
Vehicles	(14,401)	(12,690)	4,725	(22,366)
Waterlines/sewerlines	(12,608,577)	(655,243)	9,457	(13,254,363)
Total accumulated depreciation	(12,913,854)	(673,397)	14,182	(13,573,069)
Total capital assets being depreciated, net	$ 20,224,113	$ (330,838)	$ (8,968)	$ 19,884,307

NOTE 10 - CAPITAL ASSETS - (Continued)

B. Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
Legislative and executive	$	352,804
Judicial		155,434
Public safety		335,376
Public works		2,473,906
Health		267,251
Human services		155,732
Economic development		9,151
Intergovernmental		125,821
Depreciation of internal service fund capital assets		680
Total depreciation expense - governmental activities	$	3,876,155

Business-type activities:		
Water	$	493,234
Sewer		176,108
Nonmajor		4,055
Total depreciation expense - business-type activities	$	673,397

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the County entered into capital lease agreements for the acquisition of office equipment and copier equipment. These leases meet the criteria of a capital lease as defined by generally accepted accounting principles which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. At inception, capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate fund.

Capital assets consisting of copier equipment has been capitalized in the amount of $47,846. This amount represents the present value of minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2018 was $43,427, leaving a current book value of $4,419. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments made in 2018 totaled $3,064, and $272, respectively.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2018:

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE – (Continued)

Year Ending December 31,	Amount
2019	$ 3,336
2020	556
Total future minimum lease payments	3,892
Less: amount representing interest	(119)
Present value of net minimum lease payments	$ 3,773

NOTE 12 - COMPENSATED ABSENCES

Vacation leave is earned at rates which vary depending upon length of service and standard workweek. Current policies credit vacation leave on a pay period basis except for new employees who are required to complete one year of service prior to their accrual becoming available. Employees, per department policy, may also accrue compensatory time for hours worked in excess of regular work week. County employees are paid for earned, unused vacation leave upon termination of employment. Unused compensatory time may, depending on departmental policy, be paid at termination of service.

Upon retirement, all employees are paid their accumulated, unused sick leave per Ohio Revised Code Section 124.39(B). Each employee of the County with ten or more years of service with any Ohio local government or the State of Ohio is paid 25% of his or her accumulated unused sick leave, up to a maximum of 30 days upon retirement from the County, with the exception of the County Engineer Department highway workers who are paid 33% of the accumulated unused sick leave, up to maximum of 30 days upon retirement from the County.

At December 31, 2018, vested benefits for vacation leave for governmental activities employees totaled $673,347 and vested benefits for sick leave totaled $128,105. These amounts represent the non-current portion of the vested benefits and are reported in the government-wide financial statements. There was a current liability of $15,036 reported for governmental activities sick leave at December 31, 2018. For business-type activities, vested benefits for vacation leave totaled $40,262 and vested benefits for sick leave totaled $508. These amounts represent the current and non-current portion of the vested benefits and are reported as a liability of the fund from which the employee is paid. In accordance with GASB Statement No. 16, an additional liability of $150,562 for governmental activities employees and $14,073 for business-type activities employees was accrued to record termination (severance) payments for employees expected to become eligible to retire in the future.

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Long-Term Obligations

During 2018, the following changes occurred in the County's governmental long-term obligations. The long-term obligations at December 31, 2017 have been restated as described in Note 3.

	Issue Date	Maturity Date	Restated Balance 12/31/17	Additions	Reductions	Balance 12/31/18	Amount Due in One Year
Governmental activities:							
Special assessment bonds:							
Ditch Bond, Series 2014	5/08/14	12/1/20	$ 65,000	$ -	$ (20,000)	$ 45,000	$ 20,000
Total special assessment bonds			65,000	-	(20,000)	45,000	20,000
OPWC loans payable:							
Issue II Loan - Co Rd C Project	12/01/06	01/01/27	42,863	-	(4,762)	38,101	4,763
Issue II Loan - Co Rd 14 Project	12/01/06	01/01/27	37,201	-	(4,133)	33,068	4,134
Issue II Loan - Co Rd C Reconstruct.	01/01/07	01/01/28	12,500	-	(1,250)	11,250	1,250
Issue II Loan - Co Rd A Project	01/01/07	07/01/18	8,199	-	(8,199)	-	-
Issue II Loan - Rd 20 Resurfacing	12/01/09	07/01/19	20,343	-	(13,562)	6,781	6,781
Issue II Loan - County Rd B	10/22/10	01/01/21	83,716	-	(27,905)	55,811	27,906
Issue II Loan - Co Rd D Resurfacing	07/22/11	01/01/22	124,062	-	(31,016)	93,046	31,015
Issue II Loan - Bridge T64.9 replace	10/05/12	07/01/32	90,919	-	(6,270)	84,649	6,271
Issue II Loan - Bridge 26 D5 replace	09/15/15	01/01/36	141,529	-	(7,863)	133,666	7,862
Issue II Loan - Bridge 26 D5 replace	09/15/16	01/01/37	170,625	-	(8,750)	161,875	8,750
Issue II Loan - Road M Construction	07/01/16	07/01/37	170,625	-	(8,750)	161,875	8,750
Issue II Loan - Road 26 Resurfacing	07/01/18	07/01/35	-	77,289	(2,273)	75,016	4,546
Issue II Loan - Road L and Road M	01/01/19	01/01/39	-	162,235	-	162,235	4,056
Issue II Loan - Road J, Bridge 8-1HJ & 5-2SR 2	N/A	N/A	-	103,618	-	103,618	-
Total OPWC Loans			902,582	343,142	(124,733)	1,120,991	116,084
Other long-term obligations							
Capital lease obligations			6,837	-	(3,064)	3,773	3,220
Net pension liability			19,240,706	-	(6,239,310)	13,001,396	-
Net OPEB liability			8,924,922	-	(488,841)	8,436,081	-
Compensated absences			920,348	672,178	(625,476)	967,050	678,486
Total other long-term obligations			29,092,813	672,178	(7,356,691)	22,408,300	681,706
Total governmental activities long-term liabilities			$ 30,060,395	$ 1,015,320	$ (7,501,424)	$ 23,574,291	$ 817,790

Net pension liability and net OPEB liability: See Notes 15 and 16 for more details. The County pays obligations related to employee compensation from the fund benefitting from their service.

Special assessment bonds: The special assessment bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners from nonmajor governmental funds.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

OPWC loans payable: The Ohio Public Works Commission (OPWC) loans were issued on December 1, 2006, January 1, 2007, July 24, 2008, June 22, 2009, October 22, 2010, July 22, 2011, October 5, 2012, September 15, 2015, July 1, 2016, July 1, 2018, and January 1, 2019 to provide for improvements to County Road C, County Road 14, County Road A, County Road 20, County Road B, County Road D, Bridge T64.9, Bridge 26 D5, Bridge M23.9, Bridge B8.7, Road M, Road 26, Road L, Road J, Bridge 5-2SR 2.0 and Bridge 8-1HJ.1. These loans bear no interest rate as long as the County remains current on its payments. The OPWC loan proceeds are recorded in a nonmajor governmental fund and OPWC loan payments are recorded in the motor vehicle and gas tax fund.

Capital lease obligation: The County has entered into a capital lease obligation for the purchase of copier equipment. Principal payments on this obligation is reported in nonmajor governmental funds. The capital lease obligation is further described in Note 11.

Compensated absences: Compensated absences represent amounts for which the County could potentially be liable on eligible employees. Compensated absences are presented net of actual increases and decreases because of the practicality of determining these values. The benefits will be paid from the funds from which the employees' salaries are paid, which are primarily the general, motor vehicle and gas tax, and County Board of DD funds. Compensated absences are further described in Note 12.

The following is a summary of the County's future annual debt service principal and interest requirements for OPWC loans and special assessment bonds:

	OPWC Loans			Special Assessment Bonds		
Year Ending	Principal	Interest	Total	Principal	Interest	Total
2019	$ 116,084	$ -	$ 116,084	$ 20,000	$ 2,093	$ 22,093
2020	113,358	-	113,358	25,000	1,162	26,162
2021	85,452	-	85,452	-	-	-
2022	54,438	-	54,438	-	-	-
2023	54,437	-	54,437	-	-	-
2024 - 2028	253,144	-	253,144	-	-	-
2029 - 2033	212,049	-	212,049	-	-	-
2034 - 2038	124,356	-	124,356	-	-	-
2039	4,055	-	4,055	-	-	-
Total	$ 1,017,373	$ -	$ 1,017,373	$ 45,000	$ 3,255	$ 48,255

As of December 31, 2018, the amortization schedule for the Issue II Loan – Road J, Bridge 8-1HJ.1 & Bridge 5-2SR 2.0 of $103,618 was unavailable.

B. The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 53

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was $25,347,770 at December 31, 2018 and the unvoted legal debt margin was $10,739,108 at December 31, 2018.

C. Business-Type Activities

During 2018, the following changes occurred in the County's business-type long-term obligations. The long-term obligations at December 31, 2017 have been restated as described in Note 3.

	Issue Date	Maturity Date	Restated Balance 12/31/17	Additions	Reductions	Balance 12/31/18	Amount Due in One Year
Business-type activities:							
OWDA loans:							
NE Fulton County Water Supply	2010	2042	$ 1,622,295	$ -	$ (66,217)	1,556,078	$ 66,216
Riviera Mobile Home Court sewer	2011	2031	22,927	-	(1,698)	21,229	1,698
Wastewater collection/treatment	2007	2028	115,390	-	(10,490)	104,900	10,490
Total OWDA loans			1,760,612	-	(78,405)	1,682,207	78,404
Special assessment bonds:							
Waterline extension assessment	6/15/06	6/15/26	9,324	-	(740)	8,584	816
Exit 3 sewer improvement	1/13/99	12/1/18	40,000	-	(40,000)	-	-
Industrial corridor sewer district	12/23/04	12/1/24	65,003	-	(7,984)	57,019	8,383
Total special assessment bonds			114,327	-	(48,724)	65,603	9,199
Other long-term obligations:							
Loan payable			116,423	-	(17,811)	98,612	18,420
Net pension liability			400,824	-	(102,258)	298,566	-
Net OPEB liability			189,814	10,963	-	200,777	-
Compensated absences			56,098	15,499	(16,754)	54,843	40,262
Total other long-term obligations			763,159	26,462	(136,823)	652,798	58,682
Total business-type activities long-term liabilities			$ 2,638,098	$ 26,462	$ (263,952)	$ 2,400,608	$ 146,285

Ohio Water Development Authority Loan - 2007 Issue: During 2007, the County entered into a loan agreement with the OWDA for wastewater collection and treatment. Repayment of this loan is funded through user charges in the sewer fund. This loan is interest free with final maturity on July 1, 2028.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Ohio Water Development Authority Loan - 2010 Issue: During 2010, the County entered into a loan agreement with the OWDA for the Northeast Fulton County Water Supply project. Repayment of this loan is funded through user charges in the water fund. This loan is interest free with final maturity on January 1, 2042.

Ohio Water Development Authority Loan - 2011 Issue: During 2011, the County entered into a loan agreement with the OWDA for the Riviera Mobile Home Court Sanitary Sewer. Repayment of this loan is funded through user charges in the sewer fund. This loan is interest free with final maturity on January 1, 2031. Since no capital assets were purchased with this loan, it is not included in the calculation of "net investment in capital assets" in the sewer fund.

Special assessment bonds: On June 15, 2006, the County issued special assessment bonds which retired the bond anticipation note issued in 2005 for the waterline extension project. On December 23, 2004, the County issued special assessment bonds for the industrial corridor sewer project in the amount of $140,000. Other special assessments issued in prior years include the Pettisville waterline and Exit 3 sewer improvement projects. These bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners in the sewer fund.

Loan payable: During 2002, Fulton County entered into an agreement with the City of Wauseon as a subrecipient of an OWDA loan to construct the Tedrow waterline. Repayment of this loan will be funded by user charges collected by the County. The loan bears an interest rate of 3.39% and will mature on January 1, 2024.

The following is a summary of the future debt service requirements of the business-type special assessment bonds and loans:

	Special Assessment Bonds			OWDA Loans		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2019	$ 9,199	$ 3,685	$ 12,884	$ 78,404	$ -	$ 78,404
2020	9,701	3,182	12,883	78,405	-	78,405
2021	10,243	2,650	12,893	78,404	-	78,404
2022	10,796	2,088	12,884	78,404	-	78,404
2023	11,392	1,491	12,883	78,404	-	78,404
2024 - 2028	14,272	2,131	16,403	392,022	-	392,022
2029 - 2033	-	-	-	335,327	-	335,327
2034 - 2038	-	-	-	331,081	-	331,081
2039 - 2042	-	-	-	231,756	-	231,756
Total	$ 65,603	$ 15,227	$ 80,830	$ 1,682,207	$ -	$ 1,682,207

	Loan Payable		
Year Ended	Principal	Interest	Total
2019	$ 18,420	$ 2,821	$ 21,241
2020	19,049	2,264	21,313
2021	19,699	1,689	21,388
2022	20,374	1,091	21,465
2023	21,070	475	21,545
Total	$ 98,612	$ 8,340	$ 106,952

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

D. Deferred Loan Payable to the Ohio Sewer and Water Rotary Commission

The County has received an advance to meet the portion of the cost of extension of waterlines to be financed by assessments from which collections are deferred or exempt pursuant to division (B) of Section 6103.052 of the Ohio Revised Code. The Board of County Commissioners is responsible for collecting the assessments upon expiration of the maximum time for which the deferments were made or when the property no longer meets the exemption criteria. This money must be remitted to the Ohio Sewer and Water Rotary Commission within one year. If the money is not collected and remitted within one year, the County is responsible for paying interest from the general fund.

NOTE 14 - RISK MANAGEMENT

A. County Risk Sharing Authority, Inc.

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

The County is a member of the County Risk Sharing Authority Inc. (CORSA), which is a shared risk pool of sixty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, law enforcement liability, crime and excess liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board.

The County continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. The County obtains employee health, dental and vision coverage through the County Employee Benefits Consortium of Ohio, Inc. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

B. County Employee Benefits Consortium of Ohio

The County participates in the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claim contingency reserve fund, as well as the fixed costs of the consortium. In 2018, the County contributed a total of $3,097,986 to the Consortium.

The business and affairs of the consortium are managed by a board of not less than nine of more than fifteen directors that exercise all powers of the consortium. Two thirds of the directors are County Commissioners of member Counties and one third are employees of the member Counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the Board of Directors of the CCAO and another is required to be a Board Member of the County Risk Sharing Authority, Inc. (CORSA).

NOTE 15 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the County's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements: Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2018 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was $1,668,740 for 2018. Of this amount, $38,503 is reported as due to other governments.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS) of Ohio

Plan Description – County licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For 2018, plan members were required to contribute 14 percent of their annual covered salary. The County was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2018 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was $2,270 for 2018. Of this amount, none is reported as payable.

Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2017, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	STRS	Total
Proportion of the net pension liability/asset prior measurement date	0.09392200%	0.04441900%	0.05611300%	0.00313785%	
Proportion of the net pension liability/asset current measurement date	0.09328900%	0.06189300%	0.04984800%	0.00207602%	
Change in proportionate share	-0.00063300%	0.01747400%	-0.00626500%	-0.00106183%	
Proportionate share of the net pension liability	$ 12,843,492	$ -	$ -	$ 456,470	$ 13,299,962
Proportionate share of the net pension asset	-	(73,941)	(1,527)	-	(75,468)
Pension expense	2,596,600	11,937	(496)	(16,929)	2,591,112

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	STRS	Total
Deferred outflows of resources					
Differences between expected and actual experience	$ 13,116	$ -	$ 2,970	$ 10,540	$ 26,626
Changes of assumptions	1,534,884	6,461	182	80,895	1,622,422
Changes in employer's proportionate percentage/ difference between employer contributions	14,603	-	-	8,071	22,674
County contributions subsequent to the measurement date	1,602,809	38,043	27,888	-	1,668,740
Total deferred outflows of resources	$ 3,165,412	$ 44,504	$ 31,040	$ 99,506	$ 3,340,462

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	STRS	Total
Deferred inflows of resources					
Differences between expected and actual experience	$ 253,103	$ 22,026	$ -	$ 2,980	$ 278,109
Net difference between projected and actual earnings on pension plan investments	2,757,328	11,667	430	27,678	2,797,103
Changes in employer's proportionate percentage/ difference between employer contributions	247,464	-	-	164,923	412,387
Total deferred inflows of resources	$ 3,257,895	$ 33,693	$ 430	$ 195,581	$ 3,487,599

$1,668,740 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member-Directed	STRS	Total
Year Ending December 31:					
2019	$ 983,062	$ (3,710)	$ 340	$ (2,841)	$ 976,851
2020	(331,149)	(4,028)	329	(14,696)	(349,544)
2021	(1,214,181)	(6,641)	272	(33,804)	(1,254,354)
2022	(1,133,024)	(6,366)	281	(44,734)	(1,183,843)
2023	-	(2,269)	411	-	(1,858)
Thereafter	-	(4,218)	1,089	-	(3,129)
Total	$ (1,695,292)	$ (27,232)	$ 2,722	$ (96,075)	$ (1,815,877)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.20 %
Domestic equities	19.00	6.37
Real estate	10.00	5.26
Private equity	10.00	8.97
International equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.50 percent, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50 percent, as well as what the County's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 22,806,769	$ 12,843,492	$ 4,537,121
Combined Plan	(40,194)	(73,941)	(97,225)
Member-Directed Plan	(875)	(1,527)	(2,187)

Actuarial Assumptions - State Teachers Retirement System (STRS) of Ohio

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below:

	July 1, 2018
Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent

For the July 1, 2018, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation**	Long Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	$ 666,615	$ 456,470	$ 278,611

NOTE 16 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the County's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the County's obligation for this liability/asset to annually required payments. The County cannot control benefit terms or the manner in which OPEB are financed; however, the County does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability/asset is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/asset on the accrual basis of accounting. Any liability/asset for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution was $11,156 for 2018. Of this amount, $257 is reported as due to other governments.

Plan Description - State Teachers Retirement System (STRS) of Ohio

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the year ended December 31, 2018, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. STRS's total OPEB liability was measured as of June 30, 2018, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.10049600%	0.00313785%	
Proportion of the net OPEB liability/asset current measurement date	0.09063000%	0.00207602%	
Change in proportionate share	-0.00986600%	-0.00106183%	
Proportionate share of the net OPEB liability	$ 8,636,858	$ -	$ 8,636,858
Proportionate share of the net OPEB asset	-	(33,000)	(33,000)
OPEB expense	425,674	(78,304)	347,370

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 6,728	$ 3,897	$ 10,625
Changes of assumptions	628,857	-	628,857
County contributions subsequent to the measurement date	11,156	-	11,156
Total deferred outflows of resources	$ 646,741	$ 3,897	$ 650,638

	OPERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 1,945	$ 1,945
Net difference between projected and actual earnings on pension plan investments	643,388	3,810	647,198
Changes of assumptions	-	45,455	45,455
Changes in employer's proportionate percentage/ difference between employer contributions	652,729	37,839	690,568
Total deferred inflows of resources	$ 1,296,117	$ 89,049	$ 1,385,166

$11,156 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending December 31, 2019.

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	STRS	Total
Year Ending December 31:			
2019	$ (169,044)	$ (14,778)	$ (183,822)
2020	(169,044)	(14,778)	(183,822)
2021	(161,599)	(14,776)	(176,375)
2022	(160,845)	(13,910)	(174,755)
2023	-	(13,608)	(13,608)
Thereafter	-	(13,302)	(13,302)
Total	$ (660,532)	$ (85,152)	$ (745,684)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
County's proportionate share of the net OPEB liability	$ 11,474,438	$ 8,636,858	$ 6,341,283

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	$ 8,263,631	$ 8,636,858	$ 9,022,390

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - State Teachers Retirement System (STRS) of Ohio

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018		July 1, 2017
Inflation	2.50 percent		2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65		12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation		7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent		3 percent
Cost-of-living adjustments (COLA)	0.0 percent		0.0 percent, effective July 1, 2017
Discounted rate of return	7.45 percent		N/A
Blended discount rate of return	N/A		4.13 percent
Health care cost trends			6 to 11 percent initial, 4.5 percent ultimate
	Initial	Ultimate	
Medicial			
Pre-Medicare	6.00 percent	4.00 percent	
Medicare	5.00 percent	4.00 percent	
Prescription Drug			
Pre-Medicare	8.00 percent	4.00 percent	
Medicare	-5.23 percent	4.00 percent	

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - The discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation**	Long Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2017. A discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB liability as of June 30, 2018.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net OPEB asset	$ 28,592	$ 33,000	$ 37,366

	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	$ 37,140	$ 33,000	$ 29,520

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, motor vehicle and gas tax fund, County Board of Developmental Disabilities (DD) fund and EMS Advance and Basic (A&B) Life Services fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

(e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,

(f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

Net Change in Fund Balance

	General fund	Motor Vehicle Gas Tax	County Board of DD	EMS A&B Life Services
Budget basis	$ (889,642)	$ (503,878)	$ 656,400	$ 202,242
Net adjustment for revenue accruals	(45,686)	15,789	(75,874)	(152,694)
Net adjustment for expenditure accruals	(60,454)	(563)	(227,928)	10,745
Net adjustment for other sources/uses	260,000	(42,743)	-	-
Funds budgeted elsewhere	(178,905)	-	-	-
Adjustment for encumbrances	346,491	646,008	525,831	70,034
GAAP basis	$ (568,196)	$ 114,613	$ 878,429	$ 130,327

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the budget stabilization fund, the unclaimed hospital bond fund, the self insurance fund, unclaimed monies fund, the age 26-28 dependent fund, the title administration fund, the recorder equipment fund, rural fire protection fund and Medicaid transition aide fund.

NOTE 18 - CONTINGENT LIABILITIES

A. Grants

The County has received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County Commissioners believe such disallowance, if any, will be immaterial.

B. Litigation

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, no liability is anticipated in excess of insurance coverage.

NOTE 19 - CONDUIT DEBT OBLIGATIONS

To provide for the financing of certain expenditures at the Fulton County Health Center, the Health Center has issued special facility revenue bonds. These consist of $5,200,000 in 1995 and $7,000,000 in 1999, Fulton County, Ohio, Tax-Exempt Variable Rate Demand Bonds, with final maturity in 2021. In 2005, the special facility bonds were refunded and new bonds were issued in the amount of $28,500,000. In 2011 the special facility bonds were refunded and new bonds were issued in the amount of $28,755,000. These bonds do not constitute a debt or pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. As of December 31, 2018, $23,495,000 was still outstanding.

NOTE 20 - FEDERAL TRANSACTIONS

The Fulton County Department of Job and Family Services distributes federal food stamps to entitled recipients within Fulton County. The receipt and issuance of these stamps have the characteristics of federal grants. However, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of the stamps is not reflected in the accompanying financial statements as the only economic interest related to the stamps rest with the ultimate recipient.

NOTE 21 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Motor Vehicle Gas Tax	County Board of DD	EMS A & B Life Services	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	$ 67,437	$ 165,572	$ 1,638	$ -	$ 58,508	$ 293,155
Prepaids	56,847	5,041	4,924	105	51,907	118,824
Advances to other funds	400,473	-	-	-	-	400,473
Unclaimed hospital bond	40,262	-	-	-	-	40,262
Unclaimed monies	54,366	-	-	-	-	54,366
Total nonspendable	619,385	170,613	6,562	105	110,415	907,080
Restricted:						
Debt service	-	-	-	-	8,296	8,296
Capital improvements	-	-	-	-	626,289	626,289
Public works	-	2,812,620	-	-	197,470	3,010,090
Real estate assessment	-	-	-	-	1,090,388	1,090,388
Economic development	-	-	-	-	478,736	478,736
Public safety	-	-	-	1,317,124	1,966,121	3,283,245
WIA	-	-	-	-	97,066	97,066
Health programs	-	-	6,899,917	-	1,453,467	8,353,384
Human service programs	-	-	-	-	3,172,972	3,172,972
County court computer services	-	-	-	-	535,919	535,919
County court special projects	-	-	-	-	811,752	811,752
Other purposes	-	-	-	-	831,626	831,626
Total restricted	-	2,812,620	6,899,917	1,317,124	11,270,102	22,299,763
Committed:						
Capital improvements	-	-	-	-	2,181,026	2,181,026
Assigned:						
Debt service	-	-	-	-	191	191
Capital improvements	-	-	-	-	985	985
Legislative and executive	134,390	-	-	-	-	134,390
Judicial	2,959	-	-	-	-	2,959
Public Safety Programs	118,697	-	-	-	-	118,697
Health	93	-	-	-	-	93
Human Services Programs	626	-	-	-	-	626
Capital Outlay	6,173	-	-	-	-	6,173
Subsequent year's appropriations	3,058,654	-	-	-	-	3,058,654
Stabilization	1,623,542	-	-	-	-	1,623,542
Other purposes	14,392	-	-	-	-	14,392
Total assigned	4,959,526	-	-	-	1,176	4,960,702
Unassigned (deficit)	7,779,672	-	-	-	(40,473)	7,739,199
Total fund balances	$ 13,358,583	$ 2,983,233	$ 6,906,479	$ 1,317,229	$ 13,522,246	$ 38,087,770

NOTE 22 - OTHER COMMITMENTS

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	$ 1,272,634
Motor vehicle and gas tax	546,140
County Board of DD	509,964
EMS A&B life services	46,971
Nonmajor governmental	4,231,877
Total	$ 6,607,586

NOTE 23 - TAX ABATEMENTS

As of December 31, 2018, the County provides tax abatements through two programs—Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The County has entered into agreements to abate property taxes through these programs. During 2018, the County's property tax revenues were reduced as a result of these agreements as follows:

NOTE 23 - TAX ABATEMENTS - (Continued)

Tax Abatement Program	County Taxes Abated
CRA	$ 132,570
Ezone	7,515
Total	$ 140,085

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REQUIRED SUPPLEMENTARY INFORMATION

FULTON COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS

	2018	2017	2016	2015	2014
Traditional Plan:					
County's proportion of the net pension liability	0.093289%	0.093922%	0.097214%	0.097169%	0.097169%
County's proportionate share of the net pension liability	$ 12,843,492	$ 18,896,127	$ 14,874,708	$ 10,303,126	$ 10,070,412
County's covered payroll	$ 11,180,692	$ 10,831,483	$ 10,390,575	$ 10,901,087	$ 11,735,615
County's proportionate share of the net pension liability as a percentage of its covered payroll	114.87%	174.46%	143.16%	94.51%	85.81%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%
Combined Plan:					
County's proportion of the net pension asset	0.061893%	0.044419%	0.064600%	0.065660%	0.065660%
County's proportionate share of the net pension asset	$ 73,941	$ 21,903	$ 27,769	$ 22,226	$ 6,057
County's covered payroll	$ 224,577	$ 172,900	$ 225,275	$ 240,013	$ 180,815
County's proportionate share of the net pension asset as a percentage of its covered payroll	32.92%	12.67%	12.33%	9.26%	3.35%
Plan fiduciary net position as a percentage of the total pension asset	137.28%	116.55%	116.90%	114.83%	104.56%
Member Directed Plan:					
County's proportion of the net pension asset	0.049848%	0.056113%	0.062949%	n/a	n/a
County's proportionate share of the net pension asset	$ 1,527	$ 207	$ 214	n/a	n/a
County's covered payroll	$ 242,060	$ 291,292	$ 344,467	n/a	n/a
County's proportionate share of the net pension asset as a percentage of its covered payroll	0.63%	0.07%	0.06%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	124.46%	103.40%	103.91%	n/a	n/a

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FULTON COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE YEARS

	2018	2017	2016	2015	2014
County's proportion of the net pension liability	0.00207602%	0.00313785%	0.00305406%	0.00308570%	0.00306584%
County's proportionate share of the net pension liability	$ 456,470	$ 745,403	$ 1,022,286	$ 852,797	$ 745,718
County's covered-employee payroll	$ 268,286	$ 254,664	$ 258,779	$ 235,614	$ 240,023
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	170.14%	292.70%	395.04%	361.95%	310.69%
Plan fiduciary net position as a percentage of the total pension liability	77.30%	75.30%	66.80%	72.10%	74.70%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FULTON COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2018	2017	2016	2015
Traditional Plan:				
Contractually required contribution	$ 1,602,809	$ 1,453,490	$ 1,299,778	$ 1,246,869
Contributions in relation to the contractually required contribution	(1,602,809)	(1,453,490)	(1,299,778)	(1,246,869)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 11,448,636	$ 11,180,692	$ 10,831,483	$ 10,390,575
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
Combined Plan:				
Contractually required contribution	$ 38,043	$ 29,195	$ 20,748	$ 27,033
Contributions in relation to the contractually required contribution	(38,043)	(29,195)	(20,748)	(27,033)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 271,736	$ 224,577	$ 172,900	$ 225,275
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
Member Directed Plan:				
Contractually required contribution	$ 27,888	$ 24,206	$ 34,955	$ 41,336
Contributions in relation to the contractually required contribution	(27,888)	(24,206)	(34,955)	(41,336)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 278,880	$ 242,060	$ 291,292	$ 344,467
Contributions as a percentage of covered payroll	10.00%	10.00%	12.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	1,308,130	$	1,525,630	$	1,150,880	$	1,172,960	$	1,003,449	$	954,696
	(1,308,130)		(1,525,630)		(1,150,880)		(1,172,960)		(1,003,449)		(954,696)
$	-	$	-	$	-	$	-	$	-	$	-
$	10,901,083	$	11,735,615	$	11,508,800	$	11,729,600	$	11,249,428	$	11,742,878
	12.00%		13.00%		10.00%		10.00%		8.92%		8.13%
$	28,802	$	23,506	$	10,054	$	6,306	$	12,275		
	(28,802)		(23,506)		(10,054)		(6,306)		(12,275)		
$	-	$	-	$	-	$	-	$	-		
$	240,017	$	180,815	$	126,465	$	79,321	$	126,677		
	12.00%		13.00%		7.95%		7.95%		9.69%		

FULTON COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 2,270	$ 37,560	$ 35,653	$ 36,229
Contributions in relation to the contractually required contribution	(2,270)	(37,560)	(35,653)	(36,229)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 16,214	$ 268,286	$ 254,664	$ 258,779
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	32,986	$	31,203	$	30,744	$	30,773	$	29,830	$	29,259
	(32,986)		(31,203)		(30,744)		(30,773)		(29,830)		(29,259)
$	-	$	-	$	-	$	-	$	-	$	-
$	253,738	$	240,023	$	236,492	$	236,715	$	229,462	$	225,069
	13.00%		13.00%		13.00%		13.00%		13.00%		13.00%

FULTON COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TWO YEARS

	2018	2017
County's proportion of the net OPEB liability	0.090630%	0.100496%
County's proportionate share of the net OPEB liability	$ 8,636,858	$ 10,150,478
County's covered payroll	$ 11,647,329	$ 11,295,675
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	74.15%	89.86%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FULTON COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO YEARS

	2018	2017
County's proportion of the net OPEB liability	0.00207602%	0.00313785%
County's proportionate share of the net OPEB liability (asset)	$ (33,000)	$ 122,427
County's covered-employee payroll	$ 268,286	$ 254,664
County's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	12.30%	48.07%
Plan fiduciary net position as a percentage of the total OPEB liability	176.00%	47.10%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FULTON COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 11,156	$ 136,124	$ 250,097	$ 178,597
Contributions in relation to the contractually required contribution	(11,156)	(136,124)	(250,097)	(178,597)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 11,999,252	$ 11,647,329	$ 11,295,675	$ 10,960,317
Contributions as a percentage of covered payroll	0.09%	1.17%	2.21%	1.63%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 230,173	$ 111,692	$ 455,831	$ 481,137	$ 595,857	$ 708,896
(230,173)	(111,692)	(455,831)	(481,137)	(595,857)	(708,896)
$ -	$ -	$ -	$ -	$ -	$ -
$ 11,141,100	$ 11,916,430	$ 11,635,265	$ 11,808,921	$ 11,376,105	$ 11,742,878
2.07%	0.94%	3.92%	4.07%	5.24%	6.04%

FULTON COUNTY

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	2018	2017	2016	2015
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 16,214	$ 268,286	$ 254,664	$ 258,779
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ -	$ -	$ 5,823	$ 8,738	$ 12,455	$ 10,205
-	-	(5,823)	(8,738)	(12,455)	(10,205)
$ -	$ -	$ -	$ -	$ -	$ -
$ 253,738	$ 240,023	$ 236,492	$ 236,715	$ 229,462	$ 225,069
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8 percent down to 7.5 percent, (b) for defined benefit investments, decreasing the wage inflation from 3.75 percent to 3.25 percent and (c) changing the future salary increases from a range of 4.25 percent -10.05 percent to 3.25 percent -10.75 percent. There were no changes in assumptions for 2018.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2016. For 2017, STRS decreased the Cost of Living Adjustment (COLA) to zero effective July 1, 2017. There were no changes in benefit terms for 2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75 percent to 7.45 percent, (b) the inflation assumption was lowered from 2.75 percent to 2.5 percent, (c) the payroll growth assumption was lowered to 3 percent, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes of assumption for 2018.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23 percent down to 3.85 percent.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) increase in the discount rate from 4.13 percent to 7.45 percent and (b) decrease in trend rates from 6.00 percent -11.00 percent initial; 4.5 percent ultimate down to 5.23 percent - 9.62 percent initial; 4 percent ultimate.

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FULTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR ***Pass-through Grantor*** Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Entity Identifying	Passed Through to Subrecipients	Total Federal Expenditures
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the Ohio Department of Development Services Agency				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Formula Grants	14.228	B-F-15-1AX-1		$ 10,000
Formula Grants	14.228	B-F-17-1AX-1		166,720
Total U.S. Department of Housing and Urban Development				**176,720**
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Services				
Block Grants for Prevention and Treatment of Substance Abuse	93.959			67,500
Total passed through Ohio Department of Mental Health				67,500
Passed through Ohio Department of Job and Family Services				
Promoting Safe and Stable Families	93.556	G-1819-11-5739		26,945
Temporary Assistance for Needy Families Cluster				
Temporary Assistance for Needy Families (TANF) State Programs	93.558	G-1819-11-5739	$ 150,191	973,643
Child Support Enforcement	93.563	G-1819-11-5739		514,741
Child Care and Development Fund Cluster				
Child Care and Development Block Grant	93.575	G-1819-11-5739	32,477	32,477
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-11-5739		46,391
Foster Care Title IV-E	93.658	G-1819-11-5739		125,817
Adoption Assistance	93.659	G-1819-11-5739		64,617
Social Services Block Grant	93.667	G-1819-11-5739		409,380
Medicaid Cluster				
Medical Assistance Program	93.778	G-1819-11-5739		465,640
Chafee Foster Care Independence Program	93.674	G-1819-11-5739		10,949
Children's Health Insurance Program	93.767	G-1819-11-5739		22,994
Total passed through Ohio Department of Job and Family Services			182,668	2,693,594
Passed through Area Office of Aging				
Aging Cluster				
Nutrition Services Incentive Program	93.053			23,693
Special Programs for the Aging - Title III Part C Nutrition Services	93.045			51,699
Special Programs for the Aging - Title III Part B Grants for Supportive Services and Senior Centers	93.044			45,397
Total Aging Cluster				120,789
Total passed through Area Office of Aging				120,789
Passed through Ohio Department of Developmental Disabilities				
Medicaid Cluster				
Medicaid Assistance Program	93.778			102,654
Social Services Block Grant	93.667			23,818
Total passed through Ohio Department of Developmental Disabilities				126,472
Total Social Service Block Grant Program (CFDA 93.667)				433,198
Total Medicaid Assistance Program (CFDA 93.778)				568,294
Total Medicaid Cluster				568,294
Total U.S. Department of Health and Human Services			**182,668**	**3,008,355**
UNITED STATES DEPARTMENT OF LABOR				
Passed through Area 7, Workforce Investment Board (Montgomery County)				
Trade Adjustment Assistance	17.245	2016-7126-1 / 2018-7126-1		1,613
Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207	2016-7126-1 / 2018-7126-1		8,682
Workforce Investment Act (WIA)/Workforce Innovation and Opportunity Act (WIOA) Cluster				
WIA/WIOA Adult Program	17.258	2016-7126-1 / 2018-7126-1		68,062
WIA/WIOA Youth Activities	17.259	2016-7126-1 / 2018-7126-1	25,182	33,691
WIA/WIOA Dislocated Worker Formula Grants	17.278	2016-7126-1 / 2018-7126-1		72,599
Total Workforce Investment Act (WIA)/Workforce Innovation and Opportunity Act (WIOA) Cluster			25,182	174,352
Total U.S. Department of Labor			**25,182**	**184,647**

FULTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR ***Pass-through Grantor*** Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Entity Identifying	Passed Through to Subrecipients	Total Federal Expenditures
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
Passed through Ohio Emergency Management Agency				
Emergency Management Performance Grants	97.042	EMC-2017-EP-00006-S01		33,731
Emergency Management Performance Grants	97.042	EMC-2018-EP-00008-S01		20,648
Total Emergency Management Performance Grants				54,379
Total U.S. Department of Homeland Security				**54,379**
UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE				
Passed through Ohio Department of Job and Family Services				
Supplemental Nutrition Assistance Program Cluster				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	G-1819-11-5739		**218,893**
ELECTIONS ASSISTANCE COMMISSION				
Passed through Ohio Secretary of State				
Help America Vote Act (HAVA) Election Security Grant Funds	90.404			**6,765**
UNITED STATES DEPARTMENT OF TRANSPORTATION				
Federal Aviation Administration				
Airport Improvement Program	20.106			20,740
Passed through Ohio Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	IDEP/STEP-2018-Fulton County Sheriff's O-00049		10,944
State and Community Highway Safety	20.600	IDEP/STEP-2019-Fulton County Sheriff's Offic-00030		1,388
Total State and Community Highway Safety				12,332
Total Highway Safety Cluster				12,332
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP/STEP-2018-Fulton County Sheriff's O-00049		11,060
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP/STEP-2019-Fulton County Sheriff's Offic-00030		4,624
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated				15,684
Total passed through Ohio Department of Public Safety				28,016
Passed through the Ohio Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	106255		2,888
Total U.S. Department of Transportation				**51,644**
TOTAL FEDERAL AWARDS EXPENDITURES			**$ 207,850**	**$ 3,701,403**

THE ACCOMPANYING NOTES ARE A INTEGRAL PART OF THIS SCHEDULE

FULTON COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Fulton County (the County's) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement

NOTE C – INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The County passes certain federal awards received from the Ohio Department of Job and Family Services (ODJFS) and Area 7, Workforce Investment Board to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2018 is $83,820.

NOTE F - MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE G - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2018, the County made allowable transfers of $273,964 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately $973,643 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2018 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	$1,247,607
Transfer to Social Services Block Grant	(273,964)
Total Temporary Assistance for Needy Families	**$ 973,643**

NOTE H – COST REPORT SETTLEMENT

During the calendar year, the County Board of Development Disabilities received a settlement payment for the 2014 Cost Report the from the Ohio Department of Developmental Disabilities (ODODD) for the Medicaid Program (CFDA #93.778) in the amount of $2,225. The Cost Report Settlement payment was for the settlement of the differences between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods.

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OHIO AUDITOR OF STATE
KEITH FABER

One Government Center, Suite 1420
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NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton County, Ohio, (the County) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 29, 2019, wherein we noted the County adopted new accounting guidance in Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State

Columbus, Ohio

August 29, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

Report on Compliance for each Major Federal Program

We have audited Fulton County, Ohio's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Fulton County's major federal programs for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Opinion on each Major Federal Program

In our opinion, Fulton County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

August 29, 2019

FULTON COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Temporary Assistance for Needy Families Cluster Medicaid Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS FOR FEDERAL AWARDS

None

Fulton County Auditor

BRETT J. KOLB

FULTON COUNTY AUDITOR

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Laura Howell
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Significant Deficiency due to fund balance classification errors.	Partially corrected, reported in the Management Letter.	Additional errors occurred and were not detected by the County. Errors were significantly lower than previous years. Management is aware and understands the importance of the information presented on the financial statements and will ensure the financial statements are properly presented.

OHIO AUDITOR OF STATE
KEITH FABER

FULTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 24, 2019

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